



**CITY OF SAND CITY SUCCESSOR AGENCY
Oversight Board Meeting Agenda
June 12, 2017**

3:00 p.m., Monday, June 12, 2017

City Hall, Council Chambers, 1 Sylvan Park, Sand City, CA 93955

1. CALL TO ORDER

2. ROLL CALL & ESTABLISHMENT OF QUORUM

Brett McFadden, Monterey County Office of Education
Jane Parker, Monterey County Board of Supervisors
Vacant, Monterey County Board of Supervisors (Public Member)
Vicki Nakamura, Monterey Peninsula College
Linda Scholink, City of Sand City Successor Agency
Todd Bodem, City of Sand City Successor Agency
Jayanti Addleman, Monterey County Libraries

3. PLEDGE OF ALLEGIANCE

4. COMMUNICATIONS FROM THE FLOOR: At this time, any person may comment on any item which is not on the agenda. Please state your name and address for the record. Action will not be taken on an item that is not on the agenda. If it requires action, it will be referred to staff and/or placed on the next agenda. In order that all interested parties have an opportunity to speak, please limit comments to a maximum of three (3) minutes. Any member of the public may comment on any matter listed on this agenda at the time the matter is being considered by the Board.

5. BOARD MEMBER COMMENTS: Board Members may ask a question for clarification; make a brief report or announcement on his/her activities. Board members may provide a referral to Staff or other resources for factual information, or direct Staff to agendize a matter of business on a future agenda. Any item not listed on the Agenda after the posting of the Agenda and that must be acted upon (2/3rds vote required to place on agenda) prior to the next Board meeting may be addressed at this time. (G.C. 54954.2)

6. ACTION/DISCUSSION ITEMS

A. Consideration of Oversight Board RESOLUTION Approving the Oversight Board Minutes of January 23, 2017



**CITY OF SAND CITY SUCCESSOR AGENCY
Oversight Board Meeting Agenda
June 12, 2017**

- B. Consideration of Oversight Board RESOLUTION Approving Issuance of Refunding Bonds (2008A) of the Successor Agency of the Former Sand City Redevelopment Agency, Making Certain Determinations with Respect to the Refunding Bonds and Providing Other Matters Thereto
 - C. Update on Long Range Property Management Plan (Verbal)
7. REQUEST FROM BOARD MEMBERS FOR FUTURE AGENDA ITEMS
8. ADJOURNMENT

The Next Scheduled Oversight Board Meeting:
TBD
Sand City Council Chambers
1 Sylvan Park, Sand City

ALL MEETINGS ARE OPEN TO THE PUBLIC. The City of Sand City does not discriminate against persons with disabilities. City Hall and the Council Chambers are accessible facilities. Any person with a disability who requires a modification or accommodation to be able to participate in this meeting is asked to contact the office of the City Clerk at (831) 394-3054 no fewer than two business days prior to the meeting to allow for reasonable arrangements.

SAND CITY SUCCESSOR AGENCY OVERSIGHT BOARD

RESOLUTION OB _____, 2017

**RESOLUTION OF THE OVERSIGHT BOARD FOR THE SAND CITY SUCCESSOR
AGENCY APPROVING THE OVERSIGHT BOARD MEETING MINUTES OF
JANUARY 23, 2017**

WHEREAS, the Oversight Board at its meeting of June 12, 2017 reviewed the Oversight Board draft meeting minutes of January 23, 2017; and

WHEREAS, based on its review of said minutes, the Oversight Board finds the draft minutes to be an accurate summary of the major points and actions taken during the meeting of June 12, 2017; and

NOW, THEREFORE, THE OVERSIGHT BOARD hereby finds the subject minutes to be adequate and they are hereby approved as the approved meeting minutes of January 23, 2017.

PASSED AND ADOPTED by the Sand City Successor Agency Oversight Board on this _____ day of June, 2017 by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

APPROVED:

Jane Parker, Board Chair

ATTEST:

Connie Horca, Board Secretary



**CITY OF SAND CITY SUCCESSOR AGENCY
Oversight Board Meeting Minutes
January 23, 2017**

AGENDA ITEM 1, CALL TO ORDER

Vice Chair Nakamura opened the meeting at 3:00 p.m.

AGENDA ITEM 2, ROLL CALL & ESTABLISHMENT OF QUOROM

Dan Albert Jr., Monterey County Office of Education
Jane Parker, Monterey County Board of Supervisors
Vacant, Monterey County Board of Supervisors (Public Member)
Vicki Nakamura, Monterey Peninsula College
Linda Scholink, City of Sand City Successor Agency
Todd Bodem, City of Sand City Successor Agency
Jayanti Addleman, Monterey County Libraries

GUEST: Cheryl Murase, HdL Consultant

AGENDA ITEM 3, PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Board Member Parker.

AGENDA ITEM 4, COMMUNICATIONS FROM THE FLOOR:

3:01 P.M. Floor opened for Public Comment.

There was no comment from the Public.

3:01 P.M. Floor closed to Public Comment.

AGENDA ITEM 5, BOARD MEMBER COMMENTS:

Vice Chair Nakamura welcomed Dan Albert Jr. to the Oversight Board. Mr. Albert introduced himself and commented that he looks forward to working with Board Members.

AGENDA ITEM 6, ACTION/DISCUSSION ITEMS

A. Consideration of Oversight Board RESOLUTION Approving the Oversight Board Minutes of January 25, 2016

Motion to approve the Oversight Board **Resolution** approving the Oversight Board Minutes of January 25, 2016 was made by

Board Member Bodem, seconded by Board Member Parker. AYES: Board Members Albert, Parker, Nakamura, Scholink, Bodem, Addleman. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried.

B. Consideration of Oversight Board RESOLUTION Approving the Successor Agency Administrative Budget for Fiscal Year July 2017 through June 2018

Board Member Bodem commented that the redevelopment dissolution law allows for an amount of \$250,000 annually for administrative budgets. The Successor Agency is requesting a total of \$125,000 for the year. Page 11 of the agenda packet details the Successor Agency Budget for the 2017-2018 fiscal year. Board Member Scholink added that the Administrative Budget being requested is \$25,000 less than last year's annual budget and the \$30,000 allocated for attorney fees serves as a placeholder in the event the funds are needed.

In response to Chair Nakamura's question regarding what personnel costs are covered under the Salaries line item, Board Member Scholink responded that it covers, admin, planning and finance at 5%. Board Member Parker expressed her appreciation to Staff for reducing the annual administrative budget, and approval of having an amount budgeted for certain items.

Motion to approve the Oversight Board **Resolution** approving the Successor Agency Administrative Budget for Fiscal Year July 2017 through June 2018 was made by Board Member Parker, seconded by Board Member Albert. AYES: Board Members Albert, Parker, Nakamura, Scholink, Bodem, Addleman. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried.

C. Consideration of Oversight Board RESOLUTION Approving the Recognized Obligation Payment Schedule (ROPS) for July 2017 through June 2018 (ROPS 17-18A and ROPS 17-18B)

Board Member Scholink summarized pages 14 & 17 of the Recognized Obligation Payment Schedule (ROPS) and reported that payments being requested are the balance of the November payment, Seaside payment, PERS unfunded pension, Other Post Employment Benefit (OPEB), and half of the Administrative Fees. The second half of the fiscal year (ROPS 17-18B) includes funds being requested for the Bond payments, fiscal agent Bond fees, and the second half of the Administrative Fees.

In response to Board Member Parker's question regarding how line 11 (Seaside payments) relate to line 13 (Loans to Seaside), HdL

consultant Cheryl Murase answered that due to SB 107 the loan will be recalculated at 3% per annum. City Attorney Jim Heisinger explained the difference between the judgement and line 11. Line 11 is an enforceable obligation that is payable on a go forward basis, annually through 2027. Line 13 is an enforceable obligation for monies loaned to the former Redevelopment Agency on account of past payments to Seaside. He reported on the various requests being made such as the Supplemental Education Revenue Augmentation Fund (SERAF) loan, Bond payments, and how payments for these line items will be paid annually.

HdL consultant Cheryl Murase reported that most Cities have unfunded PERS liabilities. This reflects the allocable portion that is related to the personnel costs at the time the Redevelopment Agency was in existence in which they retained employees they paid. It is a benefit cost which is being captured in the ROPS and is an allowable obligation under the dissolution act. The OPEB is related to the health insurance benefit. The City has retained a firm to conduct an actuarial study so that the amount payable due from the former Redevelopment Agency can be identified. Staff expects this to be completed by April. The numbers reflected are estimates, and once the study is completed an actual amount can be determined. Because the ROPS is now requested annually the estimated amount serves as a placeholder so that the amount can be identified and paid as quickly as possible. The sooner unfunded liabilities are funded, it reduces the overall amount to be funded.

Motion to approve the Oversight Board **Resolution** approving the Recognized Obligation Payment Schedule (ROPS) for July 2017 through June 2018 (ROPS 17-18A and ROPS 17-18B) was made by Board Member Addleman, seconded by Board Member Albert.

Should an amendment be required for the 2017-18 ROPS, a meeting in September would occur. Some time in January 2018 a meeting would need to be held for approval of the annual 2018-19 ROPS. As of July 2018, Oversight Boards will defease and go to the County level.

D. Consideration of Oversight Board RESOLUTION Approving the Nomination of Chair and Vice-Chair of the Oversight Board, whose Terms will begin March, 2017

There was Board discussion of nominations of Board Chair and Vice Chair.

Motion to nominate Jane Parker as Chair was made by Board Member Nakamura, seconded by Board Member Bodem.

Motion to nominate Vicki Nakamura as Vice-Chair of the Oversight Board was made by Board Member Parker, seconded by Board Member Bodem.

There was consensus of the Oversight Board approving the nomination of Chair and Vice-Chair of the Oversight Board, whose Terms will begin March, 2017.

E. Update on Long Range Property Management Plan

Board Member Bodem summarized the history of the Long Range Property Management Plan (LRPMP) and reported that the sale of the Carroll Property was sold for higher than the asking price indicated in the LRPMP. The City Attorney has also drafted three grant deeds for the remaining eight (8) lots that will go to the City towards public parking, community garden, and the various easements surrounding the Independent. The sewer lift station located on the South of Tioga will take some time as it serves several properties for the sewer needs in that area. This is being worked out with the developer's engineers as well as the Seaside Sanitation District. A new appraisal will be conducted to determine the true value of the property. Staff is hopeful that this would occur within the next six months. The McDonald Site will be held in title by the former RDA per the Disposition and Development Agreement (DDA). Should King Ventures decide to terminate the DDA, then the site would be transferred to the City. Any detailed questions can be asked from the City Attorney who can answer questions.

Board Member Parker received clarification regarding the appraised value as depicted on the Long Range Property Management Plan (LRPMP) and the amount the property was appraised at during that time. She expressed her concern that the property may be undervalued since the time of when the appraisal occurred due to the increase in property values within the last few years. Board Member Bodem commented that since the LRPMP was approved by the Department of Finance it may be difficult in to go back and obtain a new appraisal.

F. Consideration of Future Oversight Board Meetings

Board Member Scholink suggested that meetings be scheduled as needed and when the annual approval of the next ROPS schedule is due.

AGENDA ITEM 7, REQUEST FROM BOARD MEMBERS FOR FUTURE AGENDA ITEMS

There were no requests from Board Members for future agenda items.

AGENDA ITEM 8, ADJOURNMENT

Motion to adjourn the Oversight Board meeting was made by Board Member Albert, seconded by Board Member Scholink. There was consensus of the Oversight Board to adjourn the meeting at 3:32 P.M. to the next scheduled Oversight Board meeting to be determined.

Connie Horca, Board Secretary

MEMO

To: Sand City Oversight Board
From: Todd Bodem, Board Member
Date: June 6, 2017
Subject: Adopt a Resolution authorizing the issuance of Refunding Bonds by the Oversight Board to the Successor Agency of The Former Sand City Redevelopment Agency for refinancing outstanding tax allocation bonds issued by the former Sand City Redevelopment Agency in 2008A, and authorizing certain other matters

BACKGROUND

Previously, the Sand City Redevelopment Agency issued \$7,015,000 of tax allocation bonds in January, 2008 to finance and refinance redevelopment activities within the Redevelopment Project Area. Currently, \$5,540,000 of the 2008A bonds is outstanding.

An opportunity now exists for the Oversight Board To The Successor Agency Of the Former Sand City Redevelopment Agency ("Oversight Board") to refinance the 2008A bonds at lower interest rates, and in so doing realize debt service savings. Such a refinancing, which is similar to refinancing a home mortgage, is accomplished via the issuance of Refunding Bonds by the Agency.

In California, the issuance of refunding bonds by successor agencies is very common. Since Dissolution, approximately \$8.0 billion of successor agency refunding bonds have been issued by over 150 successor agencies, resulting in savings of more than \$1 billion.

METHOD OF SALE

There are three common methods used by local public agencies to issue debt: competitive sales, negotiated sales, and direct private placements. Depending on a variety of factors including the security for the debt, and the size, term, structure and creditworthiness of the debt, one or another method of sale will usually achieve the best overall result, meaning the lowest possible true interest cost.

Successor Agency staff in consultation with the Agency's financing team has determined that in this instance a direct private placement would likely achieve the best overall result. A private placement is when a local public agency sells its debt directly to an investor, typically a large commercial bank. By comparison, in a competitive or negotiated sale a local public agency sells its debt to a broker-dealer who then re-sells the debt to investors.

SOLICITATION OF PROPOSALS

In early April, Hilltop Securities, as the placement agent for the Successor Agency, approached various banks that participate in the market for private placement debt in California, to gauge their interest in the Agency Refunding Bonds.

Among the banks that expressed interest, BBVA Compass Bank expressed the strongest interest, and subsequently submitted a formal proposal to purchase the Refunding Bonds at an 'indicative' interest rate of 2.75%. An indicative interest rate is the interest rate at which an investor is willing to purchase bonds on the date its proposal is submitted. A copy of the BBVA Compass Bank proposal is attached hereto.

The actual interest rate at which BBVA Compass Bank may ultimately purchase the Refunding Bonds will not be determined until shortly before the refinancing closes. Depending on market conditions at that time, the actual interest rate may differ from the indicative rate. Moreover, neither the Bank nor the Agency is obligated to consummate the transaction, and both the Bank and the Agency reserve the right to terminate the transaction any time prior to closing.

FISCAL IMPACT

At today's relatively low interest rates, this refinancing will generate annual debt service savings of approximately \$35,000 per year which Sand City receives approximately 17.3% or \$6,055.00 from 2018 through 2027, for total savings of approximately \$350,000 net of all bond issuance costs. In addition to the aforementioned \$35,000 of annual savings, the Successor Agency intends to apply \$318,000 of land sale proceeds to the redemption price of the 2008 Bonds, which will yield an additional \$40,000 of annual debt service savings. All of these savings will be shared among all of the taxing entities in the Project Area.

Bear in mind however, the actual amount of savings will not be determined until closing. Moreover, if interest rates increase prior to closing, then the actual savings may be less. If interest rates increase dramatically, it is even possible the savings may not be sufficient to warrant proceeding, in which case the refinancing may be cancelled or delayed.

Another common measure of the savings from a bond refinancing is 'net present value'. Net present value measures the "real" savings or the "economic benefit" of a refinancing by taking into account the time value of money and the costs of bond issuance. Based on current market conditions, this refinancing will result in net present value savings of approximately 6.85% of the par amount of bonds being refinanced, which comfortably satisfies the 3%-5% minimum savings threshold recommended by GFOA.

The cost of issuing the Refunding Bonds is expected to equal approximately \$95,000 for Bond Counsel, Placement Agent, Municipal Advisor, Trustee and Escrow Agent, Verification Agent and miscellaneous other fees and expenses. All of these costs are payable from bond proceeds upon closing. If for any reason the refinancing fails to close, then all of these costs will be waived and the Agency will not be billed.

No general fund monies will be expended in connection with this refinancing.

TIMETABLE

Pursuant to State Law, the issuance of these Refunding Bonds must be approved by the Successor Agency Board, Oversight Board and State Department of Finance (DOF). Toward that end, the Successor Agency met on **May 16, 2017** and approved said issuance. If the Oversight Board now also approves the issuance, then immediately thereafter a request for DOF approval will be submitted. By law, DOF has

65-days to act; however, staff is hopeful that DOF will grant its approval within approximately three weeks.

If everything proceeds according to the financing schedule, then the Refunding Bonds will close before the end of the year.

LEGAL STRUCTURE AND FINANCING DOCUMENTS

The Refunding Bonds are payable from and secured by a subordinate lien on all property taxes deposited into the Redevelopment Property Tax Trust Fund (RPTTF). Under no circumstances shall the General Fund or any other Governmental Fund of the City ever be required to pay debt service on the Refunding Bonds.

In addition to authorizing the issuance of the Refunding Bonds, Resolution No. [] authorizes the execution and delivery of various Financing Documents including an Indenture, Bond Purchase Agreement and Escrow Agreement. Attached hereto are drafts of each such Document, which drafts may be modified prior to execution by authorized staff, as necessary.

STAFF RECOMMENDATION

Adopt Resolution No. [], authorizing the issuance of Refunding Bonds by the Oversight Board to refinancing outstanding tax allocation bonds (2008A) issued by the former Sand City Redevelopment Agency in 2008, and authorizing certain other matters relating thereto.

Attachments:

1. BBVA Compass Bank Proposal
2. Debt Service Savings Analysis
3. Draft Indenture
4. Draft Bond Purchase Agreement
5. Draft Escrow Agreement
6. Resolution of the Successor Agency
7. Resolution of the Oversight Board



**Successor Agency to the Former Sand City Redevelopment Agency, California
Summary of Non-Binding Indicative Terms and Conditions
for the Proposed Tax Exempt Financing (Private Placement)
April 14, 2017**

This summary of indicative terms and conditions is not a commitment to lend, purchase or to provide any other service related to a financing and does not impose any other obligation on Lender. Any such commitment or undertaking will be issued only in writing subject to appropriate documentation, the terms of which are not limited to those set forth herein. This summary of indicative terms and conditions is intended as an outline of certain of the material terms of a proposed financing and is not intended to summarize all of the conditions, covenants, representations, warranties and other provisions that would be contained in definitive documents, and is subject to, among other things, completion of due diligence and final credit approval by Lender.

- Borrower:** Successor Agency to the Former Sand City Redevelopment Agency, California (the "Borrower", "Agency" or "Issuer").
- Lender:** BBVA Compass (the "Lender" or the "Bank").
- Ted M. Singh, Senior Vice President
Northern California Commercial Banking
1490 Stone Point Drive, Ste. 250
Roseville, CA 95661
Ph: (916) 945-3840 Cell: (916) 223-8643
ted.singh@bbva.com
- James Manning, Senior Vice President
Government & Institutional Banking
2850 E. Camelback Rd., Ste. 140
Phoenix, AZ 85016
Ph: (602) 778-0795
james.manning@bbva.com
- Credit Facilities:** Direct purchase of Tax Allocation Refunding Bonds to be issued by the Issuer or alternatively a tax-exempt direct loan to the Issuer for the purposes described herein (the "Bonds" or "Obligation").
- Obligation Amount:** The purchase of the Bonds shall be limited to a par amount not to exceed \$4,890,000
- Tax Status:** The Bonds shall be tax-exempt.
- Purpose:** Proceeds from the Bonds, together with other available funds currently held under the Prior Indentures, will be used to refund the Successor Agency's 2008 Series A Tax Allocation Bonds.
- Prior Senior Bonds:** Means the Tax Allocation Refunding Bonds 2008 Series B Bonds (the "Prior Senior Bonds")
- Prior Indentures:** Means the existing indentures and any amendments or supplements thereto pursuant to which the Prior Bonds were issued (the "Prior Indentures").



- Bond Maturity:** The Bonds shall have a final maturity of November 1, 2027 (the "Maturity Date").
- Interest Rate:** The Bonds shall bear interest at a fixed rate of 2.75% per annum for the full tenor of the Bonds.** This rate is indicative and subject to change daily depending on market conditions until locked in writing. The rate is further based on the anticipated Closing Date and the sinking fund redemption schedule provided herein resulting in a weighted average life on the Bonds not exceeding 6.00 years. At the Issuer's option and subject to any break-funding penalties (see attachment to term sheet), the fixed rate may be locked up to 30 days prior to the Closing Date.
- ** Indexed to 143 bps over 65% the prevailing 7-year LIBOR swap rate. Based on the current rate of 2.03% for the swap index as of 4/13/17, the interest rate on funded balances today would be 2.75%.
- Interest Payment Dates:** Interest on the outstanding par amount of the Bonds shall be payable semi-annually on each May 1 and November 1, commencing on November 1, 2017 and continuing through and including the Maturity Date (each an "Interest Payment Date").
- Bond Redemption:** The Bonds shall be subject to redemption prior to maturity as follows:
- Optional Redemption. The Bonds are not subject to optional redemption.
- Mandatory Redemptions. The Bonds shall be subject to mandatory redemption prior to maturity in installments to be paid by the Issuer commencing on November 1, 2017 and on each November 1st thereafter at a redemption price equal the principal amount thereof, without premium, together with accrued interest thereon to the date of redemption, in accordance with the following schedule (subject to change based on the final par amount of the Bonds, not to exceed a total combined weighted average life of 6.00 years. (See attached debt service schedule or schedule of redemption)
- Security:** The principal of, premium, if any, and interest on the Bonds shall be payable from and secured by the following (collectively the "Pledged Collateral"):
- (i) A priority pledge, subordinate only to the Prior Senior Bonds, of the tax revenues (the "Tax Increment Revenue") allocated to the Issuer by the County Controller-Auditor from the Issuer's Redevelopment Property Tax Trust Fund for payment of the Issuer's Recognized Obligation Payment Schedule ("ROPS"), senior to pass-through payments to each local agency and school entity, including negotiated pass through payments and statutory pass-through obligations, and housing set aside; and
 - (ii) all funds and accounts to be held in connection with the Bonds and all investment earnings on such fund and accounts.
- Covenants:**
- Affirmative covenant of timely submittal of Recognized Obligation Payments Schedule (ROPS); and
 - The Borrower shall not enter into any new enforceable obligations (other than refunding bonds) which are secured by a lien on the Pledged Collateral that is senior to, or on parity



with, the Bonds.

**Representations/
Warranties/
Covenants:**

The documents will contain those representations and warranties and covenants customarily found in transactions of this nature, and others appropriate to the transaction, including but not limited to:

- Standard representations including but not limited to: no adverse litigation and District has not defaulted or non-appropriated on past obligations.
- Default rate of 5.00% over the Obligation's proposed rate. Default rate to apply if payment is not made within 10 days of due date in addition to other events of default.
- No material adverse change in financial condition since fiscal year ended 6/30/16.
- Notices of (i) any default on any obligation, (ii) material litigation, (iii) material governmental proceedings and (iv) material adverse effect.
- The Issuer shall covenant that it will comply with all requirements of the Redevelopment Law and the Dissolution Act to insure the allocation and payment of the Tax Increment Revenues.
- Issuer shall through its Oversight Board approve the ROPS for the following 12-month period and timely file the ROPS with the appropriate officials of the County, the State Department of Finance and the State Controller; provided, however, the Issuer shall include in its first ROPS filing each year all principal and interest due and payable on the Bonds in such fiscal year, with any amounts unpaid in the first ROPS payment included in Issuer's second ROPS filing. If the Issuer's financing team, in consultation with the Lender, determines that the ROPS filing procedure described above is not in line with the State Department of Finance's current practice, such ROPS filings shall be for the next succeeding annual installment of principal and interest payable on the Bonds.
- Satisfactory language addressing Bank's right to file a writ of mandate to require the Agency to perform its duty if Agency fails to submit a Recognized Obligation Payment Schedule by the deadline.
- Bank will sign a traveling "Big Boy" letter in form acceptable to Bank's counsel. Bank will agree that any future transferee of the Obligation signs a "Big Boy" letter in the substantially the same form that the Bank signed prior to any transfer.
- The Borrower will indemnify the Bank and its officers against all and any liabilities that might arise related to the Obligation.
- Additional representations and warranties, and other affirmative and negative covenants that Bank considers customary and reasonably appropriate for the Credit Facility.

This Obligation is being purchased by BBVA Compass under the following conditions: (i) not being registered or otherwise qualified for sale under the "Blue Sky" laws; (ii) the Lender will hold as one single debt instrument; (iii) no CUSIP numbers will be obtained for the Obligation; (iv) no official Statement or similar offering document has been prepared in connection with the private placement of this Obligation; (v) the Obligation will not close through the DTC or any similar repository and will not be in book entry form. It is strongly preferred that the Obligation be structured as a loan agreement.

**Note, all of the foregoing are subject to Lender's receipt and satisfactory review.*

Financial Reporting:

- Annual audited financial statements due within 210 days of fiscal year end.
- Appropriate disclosure due within 210 days of FYE of pertinent information including, but not limited to:
 - Assessed valuation,



- Gross increment tax revenues,
- Net increment tax revenue available for debt service,
- Coverage of Prior Senior Bonds and Obligation against net increment tax revenues available to pay debt service,
- Remaining tax increment distributed to public entities,
- Top 10 taxpayers and percent of gross revenue from each, and
- Borrower shall furnish at Lender's request such additional information that Lender may from time to time reasonably request.

Annual disclosure information may be provided via EMMA.

**Tax Exempt Status /
Yield Adjustment
Event:**

Upon any determination, decision, or decree made by the Commissionaire or any District Director of the Internal Revenue Service, or by any court of competent jurisdiction, that as a result of actions or omissions of the Issuer the interest payable on the Bonds is includable in the gross income for federal income tax purposes of the Lender, by virtue of the occurrence of any event, including any change in the Constitution or laws of the United States or the State of California, which results in interest payable on the Bonds becoming includable in the gross income of the Lender pursuant to Section 103(b) of the Internal Revenue Code, the quoted tax exempt interest rate on the Bonds will be subject to gross-up of 65%.

Closing Costs:

Borrower will pay all reasonable, out-of-pocket costs and expenses incurred by Lender in connection with due diligence and the preparation of documentation, regardless of whether or not the Obligation is closed, including but not limited to, financial advisory fees if applicable, bond counsel, Lender's counsel and CDIAC fees. Lender's Counsel limited to \$12,000.

Conditions Precedent:

Prior to the consummation of the Credit Facility, the following conditions precedent shall have occurred, all of which shall be in form and substance satisfactory to the Lender and its counsel.

- Formal credit approval from the Bank.
- Receipt of a Finding of Completion and Approval of Bond Issue from the State Department of Finance with respect to the Bonds.
- Opinion addressed to the Bank, from counsel to Borrower reasonably acceptable to the Bank, setting forth such opinions as the Bank may require, including opinions concerning the legal status of Borrower, the due authorization, execution and delivery of the Obligation documents, the enforceability of the private placement documents, no conflict with law, no litigation, and the receipt of all necessary governmental approvals.
- Tax Opinion addressed to the Bank from counsel reasonably acceptable to the Bank that interest payable with respect to the debt service payments is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Service Code and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for purposes of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings.
- Properly executed documents in form and substance satisfactory to Bank and/or Bank's counsel evidencing or supporting the Obligation.
- Additional conditions precedent that Bank considers customary and reasonably appropriate for the Credit Facility, including further information disclosures.



- Ancillary Business:** The structure, pricing, and terms contained herein are conditioned upon the establishment of a banking relationship that includes the opportunity to reasonably bid on ancillary financial services in good faith.
- Governing Law:** This transaction shall be governed by and construed in accordance with the laws of the State of California.
- Expiration:** This term sheet shall expire by 4:00pm on May 8th, 2017 unless previously accepted.

This term sheet is issued in reliance on the accuracy of all information, representations, schedules, and other data and materials submitted by Borrower, all of which are deemed material. This term sheet does not contain all of the terms and conditions or other provisions that may be included in the final documents evidencing the Obligation, and is issued at a time before Lender has undertaken a full business, credit, and legal analysis of Borrower and the Obligation.

*The terms and provisions of this correspondence are **confidential** and may not be disclosed by Borrower to any other person or entity. However, the foregoing restrictions on disclosure shall not apply to disclosure(s): (i) to Borrower's legal counsel or financial advisor for purposes of advising Borrower with respect hereto and provided, however, that such counsel and financial advisor agree to preserve the confidentiality of this correspondence; or (ii) in response to any properly issued subpoena from any court or other governmental authority with jurisdiction over Borrower, provided that Lender has been furnished reasonable advance notice of the intended disclosure and the opportunity to prevent or limit the scope of any such disclosure.*

Lender is providing the information contained in the document for discussion purposes only in connection with a proposed arm's-length commercial banking transaction between Borrower and Lender. This information is provided to you pursuant to and in reliance upon the "independent municipal investment advisor exemption" or "request for proposals exemption" provided under the municipal advisor rules of the Securities and Exchange Commission, 17 C.F.R. § 240.15Ba1-1 et seq. (the "Municipal Advisor Rules").

Lender is acting for its own interest and has financial or other interests that differ from yours. Lender is not acting as a municipal advisor or financial advisor, and has no fiduciary duty to you or any other person pursuant to Section 15B of the Securities Exchange Act of 1934 or otherwise. The information provided in this document is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934 and the Municipal Advisor Rules.

Lender is not recommending that you take any action with respect to the information contained in this document. Before acting on this information, you should discuss it with your own financial and/or municipal, legal, accounting, tax, and other advisors as you deem appropriate. If you would like a municipal advisor in this transaction that has legal fiduciary duties to you, then you are free to engage a municipal advisor to serve in that capacity.



Lender does not provide legal, compliance, tax or accounting advice. Accordingly, any statements contained herein as to tax matters are not intended by Lender to be used and cannot be used by any taxpayer for the purpose of avoiding tax penalties that may be imposed on such taxpayer.

This term sheet is intended for the sole and exclusive benefit of Borrower and Lender and may not be relied upon by third parties.

Sincerely,
BBVA COMPASS

Ted M Singh, Senior Vice President

James Manning, Senior Vice President

Agreed and Accepted:

By: _____

Its: _____

Date: _____



Break-Funding Fee Calculation

If Borrower elects to not go through with the Financing after rate lock other than due to a Force Majeure Event (as defined below), Borrower shall pay to Bank a break-funding fee equal to the Annual Yield Differential (as defined below) multiplied by the Percent Being Prepaid (as defined below), multiplied by the Average Remaining Outstanding Principal Amount (as defined below) multiplied by the number of days the Financing was to be outstanding (the "Maturity Date"), divided by 360.

The "Annual Yield Differential" is the difference (but not less than zero) between the U.S. Treasury yield (from the Federal Reserve daily H.15 report) on the maturity closest to the final maturity of the note at time of rate lock, and the U.S Treasury yield (from the Federal Reserve daily H.15 report) on the maturity closest to the final maturity of the note at the date of notification of election to not enter into the Financing. The Average Remaining Outstanding Principal Amount of the loan is defined as the simple average of the original principal loan balance and the loan balance due at the maturity date. The Percent Being Prepaid shall be determined by dividing the principal amount being prepaid by the existing principal loan amount.

If treasury rates are equal or higher, the customer will incur no charge. The Federal Reserve H.15 report for treasury rates can be accessed from the Fed's website currently @ <http://www.federalreserve.gov/releases/h15/current/default.htm>.

Loan amount at origination: \$5.0 million
 Final maturity: 15 years
 Amount Remaining at Maturity: \$0.0
 15-year US Treasury Rate at time of rate lock: 2.50%

Scenario: 15 days prior to closing and funding, the customer elects to not enter into the financing after previously locking the rate. 15-year Treasury rate at the time of notification is 2.45%.

Prepayment Fee Calculation:

Annual Yield Differential = 5 bps (2.50% - 2.45%)

Percent Being Prepaid = 100%

Average Remaining Outstanding Principal Amount = \$2.5 million (average of existing \$5.0 million and \$0 at maturity)

Days to Maturity / 360 = 15.21 ((15 x 365)/360)

Break Funding Fee = .05% * 100% * \$2.5 million * 15.21 = \$19,010.42

"Force Majeure Event" means acts of God; acts of public enemies; orders of any kind of the government of the United States of America or the State of California or any political subdivision thereof, or any of their departments, agencies or officials; any outbreak of civil or military insurrections, riots or epidemics; landslides; lightning; earthquake; fire; hurricanes; tornadoes; floods; or any other cause or event not insurable or reasonably within the control of Borrower which makes Borrower unable to consummate the Financing or perform its obligations thereunder.

Successor Agency to the Sand City RDA

\$4,890,000 TAB

Dated May 25, 2017

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+	Fiscal Total
05/25/2017	-	-	-	-	-
11/01/2017	325,000.00	2.750%	58,272.50	383,272.50	383,272.50
05/01/2018	-	-	62,768.75	62,768.75	-
11/01/2018	350,000.00	2.750%	62,768.75	412,768.75	475,537.50
05/01/2019	-	-	57,956.25	57,956.25	-
11/01/2019	360,000.00	2.750%	57,956.25	417,956.25	475,912.50
05/01/2020	-	-	53,006.25	53,006.25	-
11/01/2020	365,000.00	2.750%	53,006.25	418,006.25	471,012.50
05/01/2021	-	-	47,987.50	47,987.50	-
11/01/2021	380,000.00	2.750%	47,987.50	427,987.50	475,975.00
05/01/2022	-	-	42,762.50	42,762.50	-
11/01/2022	390,000.00	2.750%	42,762.50	432,762.50	475,525.00
05/01/2023	-	-	37,400.00	37,400.00	-
11/01/2023	440,000.00	2.750%	37,400.00	477,400.00	514,800.00
05/01/2024	-	-	31,350.00	31,350.00	-
11/01/2024	720,000.00	2.750%	31,350.00	751,350.00	782,700.00
05/01/2025	-	-	21,450.00	21,450.00	-
11/01/2025	735,000.00	2.750%	21,450.00	756,450.00	777,900.00
05/01/2026	-	-	11,343.75	11,343.75	-
11/01/2026	760,000.00	2.750%	11,343.75	771,343.75	782,687.50
05/01/2027	-	-	893.75	893.75	-
11/01/2027	65,000.00	2.750%	893.75	65,893.75	66,787.50
Total	\$4,890,000.00	-	\$792,110.00	\$5,682,110.00	-

Yield Statistics

Bond Year Dollars	\$28,804.00
Average Life	5.890 Years
Average Coupon	2.7500000%
Net Interest Cost (NIC)	2.7500000%
True Interest Cost (TIC)	2.7502025%
Bond Yield for Arbitrage Purposes	2.7502025%
All Inclusive Cost (AIC)	2.7502025%

IRS Form 8038

Net Interest Cost	2.7500000%
Weighted Average Maturity	5.890 Years

Sand City Successor Agency
2017 Tax Allocation Refunding Bonds
Debt Service Savings Analysis
May 4, 2017

Prepared by Steven Gortler
Telephone (415) 298-3319
Email: steven.gortler@att.net



Transaction Summary

Successor Agency to the Former Sand City Redevelopment Agency
2017 Tax Allocation Refunding Bonds

Amount 4,690,000

Advance refunding of all outstanding 2008 Series A Bonds

Nov. 1, 2027

Estimated Sources & Uses of Funds

Sources of Funds:

Par Amount of Bonds	4,690,000
Prior Debt Service Reserve	600,333
Proceeds from Land Sale	<u>318,000</u>
Total Sources	5,608,333

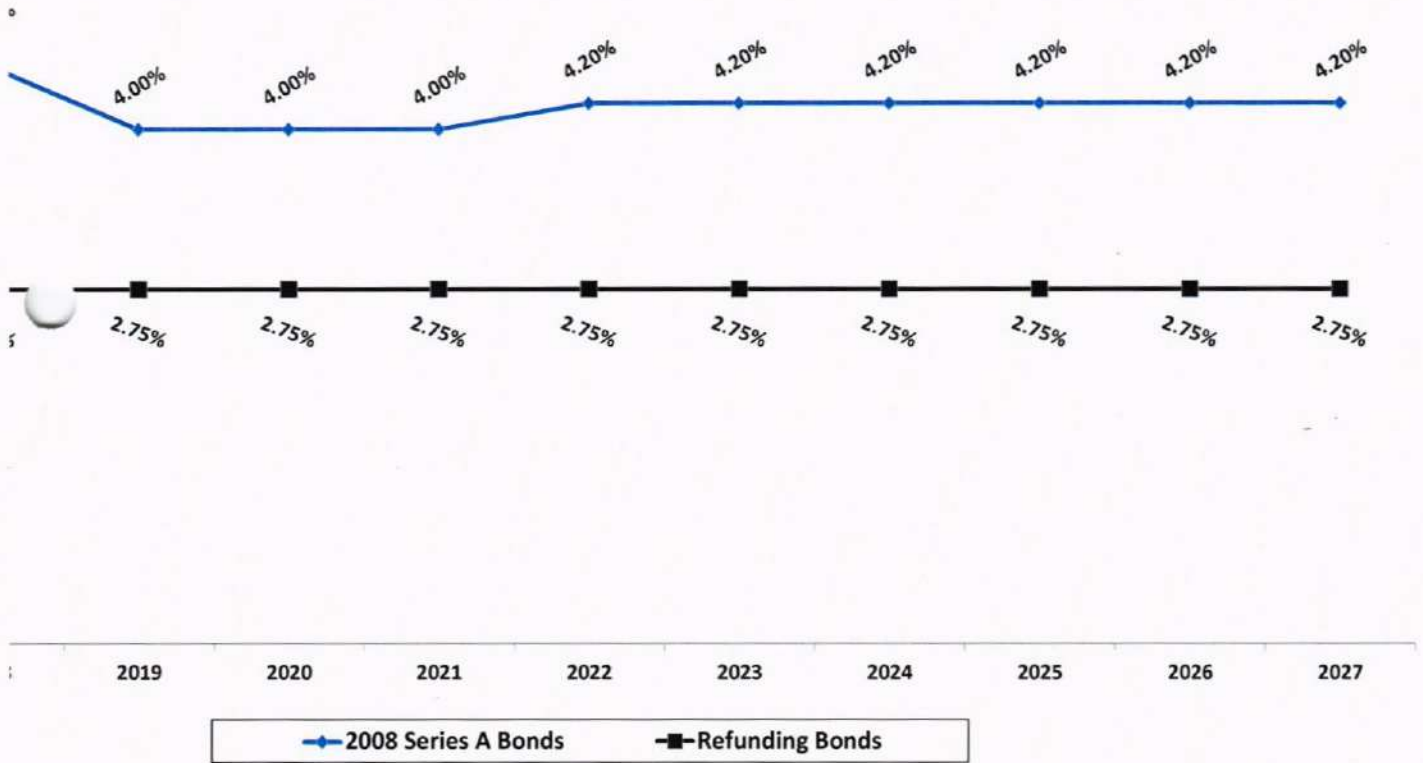
Uses of Funds:

Deposit to Redemption Fund	5,503,220
Estimated Costs of Issuance	<u>105,113</u>
Total Uses	5,608,333

Estimated Costs of Issuance

Service	Estimated Fee
Bond Counsel	30,000
Placement Agent	25,000
Bank Counsel	15,000
Financial Advisor	12,500
Trustee & Escrow Agent	5,000
Escrow Fund Bidding Agent	2,000
Escrow Verification	2,000
Cal Muni	1,250
CDIAC (0.015%)	704
Contingency	11,660
	<hr/>
	105,113

Interest Rate Comparison: Prior Bonds vs. Refunding Bonds



Estimated Annual Debt Service Savings

2008 Series A Bonds			Refunding Bonds				Annual Savings
Interest	Reserve	Total	Principal	Interest	Reserve	Total	
110,463		395,463	340,000	46,574		386,574	8,888
208,100		508,100	310,000	119,625		429,625	78,475
194,600		509,600	320,000	111,100		431,100	78,500
182,000		507,000	325,000	102,300		427,300	79,700
169,000		509,000	335,000	93,363		428,363	80,638
155,400		510,400	350,000	84,150		434,150	76,250
140,490		550,490	500,000	74,525	(99,783)	574,525	75,748
123,270		818,270	680,000	60,775		740,775	77,495
94,080		814,080	695,000	42,075		737,075	77,005
63,840		818,840	720,000	22,963		742,963	75,878
32,130	(600,333)	196,797	115,000	3,163		118,163	78,635
1,473,373	(600,333)	6,138,040	4,690,000	760,612	(99,783)	5,450,612	787,210

Net Present Value (NPV) Savings

Net Present Value (NPV) Savings	360,390
Par Amount of Refunded Bonds	5,265,000
NPV Savings / Refunded Par Amount	6.85%

Cash Flow Projection Assuming No Assessed Value Growth

Year-Mo. Ending Nov. 1	Gross Revenue	Debt Service	Net Revenue	Pass- Through Pmts*	Residual Revenue
2017	2,112,728	718,712	1,394,016	1,033,580	360,436
2018	2,112,728	653,050	1,459,678	1,033,580	426,098
2019	2,112,728	655,725	1,457,003	1,033,580	423,423
2020	2,112,728	652,150	1,460,578	1,033,580	426,998
2021	2,112,728	652,863	1,459,866	1,033,580	426,285
2022	2,112,728	657,725	1,455,003	1,033,580	421,423
2023	2,112,728	796,600	1,316,128	1,033,580	282,548
2024	2,112,728	740,775	1,371,953	1,033,580	338,373
2025	2,112,728	737,075	1,375,653	1,033,580	342,073
2026	2,112,728	742,963	1,369,766	1,033,580	336,185
2027	2,112,728	118,163	1,994,566	1,033,580	960,985

* Includes through payments, statutory pass-through payments and Seaside Settlement Agreement

ATTACHMENT 3

INDENTURE OF TRUST

by and between the

**SUCCESSOR AGENCY OF THE FORMER
SAND CITY REDEVELOPMENT AGENCY**

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

dated as of [July] 1, 2017

relating to:

\$ _____

**Successor Agency of the Former
Sand City Redevelopment Agency
Subordinate Tax Allocation Refunding Bonds, Series 2017**

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EXHIBIT A	FORM OF BOND
EXHIBIT B	FORM OF PURCHASER'S LETTER

INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture"), dated as of [July] 1, 2017, is by and between the SUCCESSOR AGENCY OF THE FORMER SAND CITY REDEVELOPMENT AGENCY, a public body duly organized and existing under the laws of the State of California (the "Successor Agency"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

RECITALS:

WHEREAS, pursuant to section 34172(a) of the California Health and Safety Code (unless otherwise noted, all section references hereinafter being to such Code), the Sand City Redevelopment Agency (the "Former Agency") has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to section 34173, and the Successor Agency of the Redevelopment Agency of the City of Sand City (the "Successor Agency") has become the successor entity to the Former Agency;

WHEREAS, a redevelopment plan for the Former Agency's Sand City Redevelopment Project in the City of Sand City (the "City") has been adopted in compliance with all requirements of the Code (the "Redevelopment Project");

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency incurred certain obligations to finance redevelopment activities within and for the benefit of the Redevelopment Project, of which the following remain outstanding:

(a) \$7,015,000 original principal amount of Sand City Redevelopment Agency (Sand City Redevelopment Project) Tax Allocation Bonds, 2008 Series A (the "2008A Bonds"), and

(b) \$2,135,000 original principal amount of Sand City Redevelopment Agency (Sand City Redevelopment Project) Taxable Tax Allocation Bonds, 2008 Series B (the "2008B Bonds");

WHEREAS, section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters set forth in section 34177.5(a)(1) (the "Savings Parameters");

WHEREAS, to provide moneys to refund the 2008A Bonds (the 2008B Bonds being non-callable), the Successor Agency determined in its Resolution No. _____ (the "Successor Agency Resolution") to issue its bonds, designated as the Successor Agency of the Former Sand City Redevelopment Agency Subordinate Tax Allocation Refunding Bonds, Series 2017 (the "Bonds"), under the provisions of section 34177.5 of the Law and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code

(collectively, the "Refunding Bond Law"), so long as the requirements of section 34177.5(a) of the Law are satisfied in connection with the refunding transaction;

WHEREAS, on _____, 2017, the Oversight Board to the Successor Agency of the Former Sand City Redevelopment Agency (the "Oversight Board") adopted its Resolution No. ____ (the "Oversight Board Resolution"), pursuant to which the Oversight Board approved the issuance of the Bonds, and approved the other actions of the Successor Agency contemplated by the Successor Agency Resolution; and

WHEREAS, on _____, 2017, the Successor Agency submitted the Oversight Board's Resolution No. OB 2017-008 to the California Department of Finance (the "DOF") for approval pursuant to section 34179(h) of the Law; and

WHEREAS, on _____, 2017, the DOF provided a letter to the Successor Agency approving the Oversight Board Resolution, conditioned upon the Bonds satisfying the requirements of section 34177.5(a) of the Law; and

WHEREAS, section 34177.5(f) of the Law provides, in relevant part, that "[i]f, under the authority granted to it by subdivision (h) of section 34179, the Department of Finance either reviews and approves or fails to request review within five business days of an oversight board approval of an action authorized by this section, the scheduled payments on the bonds or other indebtedness shall be listed in the Recognized Obligation Payment Schedule and shall not be subject to further review and approval by the department or the Controller"; and

WHEREAS, the total net interest cost to maturity of the Bonds plus the principal amount of the Bonds will not exceed the total net interest cost to maturity of the 2008A Bonds to be refunded plus the principal amount of the 2008A Bonds to be refunded; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and redemption premium (if any) thereon, the Successor Agency and the Trustee have duly authorized the execution and delivery of this Indenture; and

WHEREAS, the Successor Agency has determined that all acts and proceedings required by law necessary to make the Bonds when executed by the Successor Agency and authenticated and delivered by the Trustee, the valid, binding and legal special obligations of the Successor Agency, and to constitute this Indenture a legal, valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken.

AGREEMENT:

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Bonds issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued

and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the Successor Agency and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DETERMINATIONS; DEFINITIONS

Section 1.01. Findings and Determinations. The Successor Agency has reviewed all proceedings heretofore taken, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Successor Agency is now duly empowered, pursuant to each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture.

Section 1.02. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.02 shall, for all purposes of this Indenture, of any Supplemental Indenture, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds and any Parity Debt in such Bond Year, assuming that the Outstanding Bonds and Parity Debt are retired as scheduled, and (b) the principal or sinking fund amount of the Outstanding Bonds and Parity Debt payable by their terms in such Bond Year.

"Bonds" means the \$_____ Successor Agency of the Former Sand City Redevelopment Agency Subordinate Tax Allocation Refunding Bonds, Series 2017, and, when the context requires, any Parity Debt.

"Bond Year" means any twelve-month period beginning on November 2 in any year and ending on the next succeeding November 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date, and end on November 1, 2017.

"Business Day" means a day of the year, other than a Saturday or Sunday, on which banks in Los Angeles and San Francisco, California, are not required or permitted to be closed and on which the New York Stock Exchange is not closed.

"City" means the City of Sand City, California.

"Closing Date" means [July] __, 2017, being the date on which the Bonds are delivered by the Successor Agency to the original purchaser thereof.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Successor Agency relating to the authorization, issuance, sale and delivery

of the Bonds, including but not limited to printing expenses, operating expenses, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, fiscal consultants, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds, and any other cost, charge or fee in connection with the original issuance of the Bonds.

"County" means the County of Monterey, California.

"Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.03.

"Date of Taxability" means the date from and for which interest on the Bonds is subject to federal income taxation as a result of a Determination of Taxability.

"Debt Service Fund" means the fund by that name established and held by the Trustee pursuant to Section 4.03.

"Default Rate" means ____% per annum based on a 360-day year of twelve thirty day months.

"Defeasance Obligations" means any one or more of the following:

(a) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series - "SLGS").

(b) Direct obligations of the Treasury which have been stripped by the Treasury itself.

(c) Resolution Funding Corp. (REFCORP) - Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.

(d) Pre-refunded municipal bonds rated both Aaa by Moody's and AAA by S&P

(e) Obligations issued by the following agencies which are backed by the full faith and credit of the United States:

- 1) U.S. Export-Import Bank (Eximbank)
 - i. Direct obligations or fully guaranteed certificates of beneficial ownership
- 2) Federal Financing Bank

- 3) General Services Administration
 - i. Participation certificates
- 4) U.S. Department of Housing and Urban Development (HUD)
 - i. Project Notes
 - ii. Local Authority Bonds
 - iii. New Communities Debentures - U.S. government guaranteed debentures
 - iv. U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

"Determination of Taxability" means any determination, decision, or decree made by the Commissioner or any District Director of the Internal Revenue Service, or by any court of competent jurisdiction, that as a result of any actions or omissions of the Successor Agency or the Former Agency with respect to the Bonds the interest payable on the Bonds is includable in the gross income for federal income tax purposes of the Owner, provided, however, that no such Determination of Taxability shall be deemed to have occurred if the Successor Agency is contesting such determination in good faith and is diligently proceeding to prosecute such contest until the earliest of (a) a final determination from which no appeal may be taken with respect to such determination, or (b) abandonment of such appeal by the Successor Agency.

"Dissolution Act" means Parts 1.8 (commencing with section 34161) and 1.85 (commencing with section 34170) of Division 24 of the California Health and Safety Code, as amended.

"Escrow Agreement" means that certain Escrow Agreement, dated [July] __, 2017, by and between the Successor Agency and the Escrow Bank, pursuant to which provision will be made for the defeasance of the 2008A Bonds.

"Escrow Bank" means U.S. Bank National Association, as escrow bank under the Escrow Agreement, or any successor thereto appointed as escrow bank thereunder.

"Escrow Fund" means the Escrow Fund held by the Escrow Bank under and pursuant to the Escrow Agreement.

"Event of Default" means any of the events described in Section 8.01.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement

with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, or (c) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

"Fiscal Year" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve month period selected and designated by the Successor Agency to the Trustee in writing as its official fiscal year period.

"Former Agency" means the Former Sand City Redevelopment Agency.

"Indenture" means this Indenture of Trust, by and between the Successor Agency and the Trustee, as originally entered into or as it may be amended or supplemented by any Supplemental Indenture entered into pursuant to the provisions hereof.

"Independent Accountant" means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by the Successor Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Successor Agency; (b) does not have any substantial interest, direct or indirect, with the Successor Agency; and (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

"Independent Financial Consultant" means any financial consultant or firm of such consultants appointed by the Successor Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Successor Agency; (b) does not have any substantial interest, direct or indirect, with the Successor Agency, other than as original purchaser of the Bonds or any Parity Debt; and (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

"Independent Redevelopment Consultant" means any consultant or firm of such consultants appointed by the Successor Agency, and who, or each of whom: (a) is judged by the Successor Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of redevelopment projects; (b) is in fact independent and not under domination of the Successor Agency; (c) does not have any substantial interest, direct or indirect, with the Successor Agency; and (d) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

"Interest Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(a).

"Interest Payment Date" means May 1 and November 1 in each year, commencing November 1, 2017, so long as any of the Bonds remain Outstanding hereunder.

"Law" means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the California Health and Safety Code, and the acts amendatory thereof and supplemental thereto.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year following the anticipated issuance of Bonds and Parity Debt.

"Material Adverse Effect" means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the Successor Agency, (b) the ability of the Successor Agency to carry out its business in the manner conducted as of the date of this Indenture or to meet or perform its obligations under this Indenture on a timely basis, (c) the validity or enforceability of this Indenture, or (d) the exclusion of interest on the Bonds from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes.

"Material Litigation" means any action, suit, proceeding, inquiry or investigation against the Successor Agency in any court or before any arbitrator of any kind or before or by any Governmental Authority, (i) if determined adversely to the Successor Agency, may have a Material Adverse Effect, (ii) seek to restrain or enjoin any of the transactions contemplated by this Indenture, or (iii) may adversely affect (A) the exclusion of interest on the Bonds from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes or (B) the ability of the Successor Agency to perform its obligations under this Indenture.

"Moody's" means Moody's Investors Service, its successors and assigns.

"Negotiated Pass-Through Amounts" means amounts paid to affected taxing agencies pursuant to the Pass-Through Agreements.

"Original Purchaser" means Compass Mortgage Corporation, an Alabama corporation, the original purchaser of the Bonds upon their delivery by the Trustee on the Closing Date.

"Outstanding" when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.05) all Bonds except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant hereto.

"Oversight Board" means the oversight board of the Successor Agency duly constituted from time to time pursuant to section 34179 of the Dissolution Act.

"Owner" or "Bondowner" or "Bond Owner" means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

"Parity Debt" means any loans, advances or indebtedness issued or incurred by the Successor Agency and secured by a pledge of the Tax Revenues on a parity with the Bonds pursuant to Section 3.04.

"Pass-Through Agreements" means (a) the agreements entitled "Agreement No. 4652, Pass Through Agreement," dated as of July 9, 1987, between the Agency and the County of Monterey; "Pass-Through Agreement," dated July 14, 1987, by and between the Agency and the County of Monterey Water Conservation and Flood Control District, predecessor of the Monterey County Water Resources Agency; "Pass-Through Agreement," dated July 14, 1987, between the Agency and the Monterey County Library; "Agreement for Cooperation Between the Monterey Peninsula Community College District, the Redevelopment Agency for the City of Sand City and the City of Sand City," dated July 14, 1987; "Agreement for Cooperation between the Monterey Peninsula Unified School District, the Redevelopment Agency of the City of Sand City and the City of Sand City," dated August 2, 1987; "Agreement Between the Redevelopment Agency of Sand City and the Northern Salinas Valley Mosquito Abatement District Regarding Pass-Through of Tax Increments Pursuant to Health and Safety Code Section 33401, dated July 9, 1987; and "Pass-Through Agreement Between the Sand City Redevelopment Agency and the Seaside County Sanitation District," dated July 9, 1987, and all amendments to such agreements, and (b) payments to affected taxing agencies pursuant to Chapter 942 of the Law, together with any amendments thereof hereafter duly authorized pursuant to the Law.

"Permitted Investments" means the following, but only to the extent that the same are acquired at Fair Market Value:

(a) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

- (1) U.S. Export-Import Bank (Eximbank)
 - i. Direct obligations or fully guaranteed certificates of beneficial ownership
- (2) Federal Financing Bank
- (3) Federal Housing Administration Debentures (FHA)
- (4) General Services Administration

i. Participation certificates

(5) General Services Administration

i. GNMA- guaranteed mortgage-backed bonds

ii. GNMA - guaranteed pass-through obligations

iii. not acceptable for certain cash-flow sensitive issues

(6) Bonds or notes issued by any state or municipality whose underlying ratings from Moody's and S&P are in the highest rating categories assigned by such agencies.

i. Project Notes

ii. Local Authority Bonds

iii. New Communities Debentures - U.S. government guaranteed debentures

iv. U.S. Public Housing Notes and Bonds- U.S. government guaranteed public housing notes and bonds

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

(1) Federal Home Loan Bank System Senior debt obligations

(2) Resolution Funding Corp. (REFCORP) obligations

(3) Farm Credit System Consolidated system wide bonds and notes

(d) Certificates of deposit secured at all times by collateral described in (a) and/or (b) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the Bondholders must have a perfected first security interest in the collateral.

(e) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

(f) Bonds or notes issued by any state or municipality whose underlying ratings from Moody's and S&P are in the highest rating categories assigned by such agencies.

(g) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of Prime- 1 or A3 or better by Moody's and A-1 or A or better by S&P.

(h) Repurchase Agreements for 30 days or less, subject to the following criteria:

(1) Repos must be between the municipal entity and a dealer bank or securities firm

i. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by S&P and Moody's, or

ii. Banks rated "A" or above by S&P and Moody's.

"Principal Account" means the account by that name established and held by the Trustee pursuant to Section 4.03.

"Principal Corporate Trust Office" means such principal corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the Successor Agency, initially being at One California Street, Suite 1000, San Francisco, CA 94111, Attention: Global Corporate Trust Services; except that, with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted initially in St. Paul, Minnesota.

"Rating Category" means any generic rating category of Moody's or S&P, without regard to any refinement of such category by plus or minus sign or by numerical or other qualifying designation.

"Recognized Obligation Payment Schedule" means a Recognized Obligation Payment Schedule, prepared and approved from time to time pursuant to subdivision (l) of section 34177 of the Dissolution Act.

"Record Date" means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day.

"Redemption Account" means the account by that name established and held by the Trustee pursuant to Section 4.03.

"Redevelopment Obligation Retirement Fund" means the fund by that name referenced in Section 4.02 of this Indenture.

"Redevelopment Project" has the meaning given to such term in the second Recital to this Indenture.

"Refunding Bond Law" means, collectively, section 34177.5(a)(1) of the Law and Section 53580 *et seq.* of the California Government Code

"Registration Books" means the records maintained by the Trustee pursuant to Section 2.08 for the registration and transfer of ownership of the Bonds.

"Report" means a document in writing signed by an Independent Financial Consultant or an Independent Redevelopment Consultant and including: (a) a statement that the person or firm making or giving such Report has read the pertinent provisions of this Indenture to which such Report relates; (b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and (c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

"Responsible Officer" means any Vice President, Assistant Vice President or Trust Officer of the Trustee with responsibility for matters related to this Indenture.

"S&P" means S&P Global Ratings Services, a Standard & Poor's Financial Services LLC business, its successors and assigns.

"Senior Bonds" means the Sand City Redevelopment Agency (Sand City Redevelopment Project) Taxable Tax Allocation Bonds, 2008 Series B.

"Sinking Account" means the account by that name established and held by the Trustee pursuant to Section 4.03.

"State" means the State of California.

"Statutory Pass-Through Amounts" means all amounts required to be paid to affected taxing agencies pursuant to Sections 33607.5 and/or 33607.7 of the Law.

"Successor Agency" means the Successor Agency of the Former Sand City Redevelopment Agency, as successor to the Former Agency, being a public body corporate and politic duly organized and existing under the Law.

"Supplemental Indenture" means any resolution, agreement or other instrument which has been duly adopted or entered into by the Successor Agency, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Tax Revenues" means the moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of section 34172 of the Law, as provided in section 34183 of the Law, excluding (a) Statutory Pass-Through Amounts, except, and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the Bonds, (b) Negotiated Pass-Through Amounts, except, and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the Bonds, and (c) the portion of such funds needed to pay the Senior Bonds. If, and to the extent, that the

provisions of section 34172 of the Law or section 34183 of the Law are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness of the Successor Agency pursuant to section 33670 of the Law or such other section as may be in effect at the time providing for the allocation of tax increment revenues to the Successor Agency in accordance with Article XVI, Section 16 of the California Constitution, subject in any event to the prior use thereof, each Fiscal Year, to pay the Senior Bonds.

"Taxable Rate" means ____% per annum based on a 360-day year of twelve thirty day months.

"Term Bonds" means any Bonds the principal of which is payable from sinking fund installments.

"Trustee" means U.S. Bank National Association, as trustee hereunder, or any successor thereto appointed as trustee hereunder in accordance with the provisions of Article VI.

"2008A Bonds" means the Sand City Redevelopment Agency (Sand City Redevelopment Project) Tax Allocation Bonds, 2008 Series A, originally issued in the principal amount of \$7,015,000, of which \$_____ principal amount remains outstanding.

"Written Request of the Successor Agency" or "Written Certificate of the Successor Agency" means a request or certificate, in writing signed by the Chair, the Executive Director or the Treasurer of the Successor Agency or by any other officer of the Successor Agency duly authorized by the Successor Agency for that purpose.

Section 1.03. Rules of Construction. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

AUTHORIZATION AND TERMS

Section 2.01. Authorization of Bonds. The Bonds in the aggregate principal amount of _____ dollars (\$_____) are hereby authorized to be issued by the Successor Agency under and subject to the terms of this Indenture and the Refunding Bond Law. This Indenture constitutes a continuing agreement with the Owners of all of the Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal and redemption premiums (if any) and the interest on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The Bonds shall be designated the "Successor Agency of the Former Sand City Redevelopment Agency Subordinate Tax Allocation Refunding Bonds, Series 2017."

Section 2.02. Terms of Bonds.

(a) The Bonds shall be issued in fully registered form without coupons in the denomination of \$5,000 or any integral multiple thereof. The Bonds shall mature on November 1, 2027, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rate of _____% per annum; *provided, however*, that so long as an Event of Default pursuant to Section 8.01 (a) or Section 8.01 (c) herein shall have occurred and is continuing, the interest rate may, at the option of the Owner, be increased to the Default Rate and *provided further, however*, from and after the Date of Taxability following a Determination of Taxability, the interest rate shall be increased to the Taxable Rate.

(b) Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first class mail, postage prepaid, on the Interest Payment Date, to such Owner at the address of such Owner as it appears on the Registration Books as of such Record Date; *provided however*, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee on or before the applicable Record Date. Such instructions shall remain in effect until rescinded in writing by the Owner. Principal of and redemption premium (if any) on any Bond shall be paid upon presentation and surrender thereof, at maturity or redemption, at the Principal Corporate Trust Office. Both the principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

(c) The Bonds shall be dated as of their date of delivery and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) the Bonds are

authenticated on or before October 15, 2017, in which event they shall bear interest from their date of delivery; *provided, however*, that if, as of the date of authentication of the Bonds, interest thereon is in default, the Bonds shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(d) Notwithstanding anything herein to the contrary, so long as the Bonds are owned by the Original Purchaser, (i) the Trustee shall pay principal of and interest and redemption premium on the Bonds when due by wire transfer in immediately available funds to the Original Purchaser in accordance with wire transfer instructions set forth below (or such other wire instructions as shall be filed by the Original Purchaser with the Trustee from time to time), (ii) payments of principal on the Bonds shall be made without the requirement for presentation and surrender of the Bonds by the Original Purchaser, and (iii) the Trustee shall not be required to give notice to the Original Purchaser of the redemption of Bonds under Section 2.03(b):

(e) Notwithstanding anything herein to the contrary, if any Interest Payment Date is not a Business Day, payments of principal and interest shall be due on the next succeeding Business Day with the same force and affect as if such payments were made on the Interest Payment Date.

Section 2.03. Redemption of Bonds.

(a) *Optional Redemption.* The Bonds are not subject to optional redemption prior to maturity.

(b) *Sinking Account Redemption.* The Bonds are subject to mandatory redemption from Sinking Account payments set forth in the following schedule on November 1, 2017, and on each November 1 thereafter to and including November 1, 2027, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption. If any Sinking Account redemption date is not a Business Day, such payment shall be made on the next succeeding Business Day with the same force and affect as if such payment was made on the Sinking Fund redemption date.

Redemption Date (November 1)	Principal Amount
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027†	

† Maturity.

(c) *Notice of Redemption.* The Trustee on behalf of and at the expense of the Successor Agency will mail (by first class mail, postage prepaid) notice of any redemption at least thirty (30) but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and to the Information Services designated in a Written Request of the Successor Agency filed with the Trustee at the time the Successor Agency notifies the Trustee of its intention to redeem Bonds; but such mailing will not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the redemption date and the redemption price, will designate the CUSIP number of the Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding (or all Bonds of a maturity) are to be redeemed, and will require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

(d) *Effect of Redemption.* From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Bonds so called for redemption shall have been duly deposited with the Trustee, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

(e) *Manner of Redemption.* Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the Successor Agency thereof. All Bonds redeemed or purchased pursuant to this Section 2.03 shall be canceled.

(f) *Selection of Bonds for Redemption.* Whenever provision is made in this Indenture for the redemption of Bonds and less than all Bonds then currently outstanding are called for redemption, the Trustee will select Bonds for redemption from Bonds then currently Outstanding and not previously called for redemption, at the written direction of the Successor Agency in such order of maturity as shall be designated by the Successor Agency, and in the absence of such direction, *pro rata* among maturities and by lot within a maturity. The Trustee will promptly notify the Successor Agency in writing of the Bonds so selected for redemption.

Section 2.04. Form of Bonds. The Bonds, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the form set forth in Exhibit A, which is attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.05. Execution of Bonds. The Bonds shall be executed on behalf of the Successor Agency by the signature of its Chair or its Executive Director and the signature of its Secretary who are in office on the date of execution and delivery of this Indenture or at any time thereafter. Either or both of such signatures may be made manually or may be affixed by

facsimile thereof. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Any Bond may be signed and attested on behalf of the Successor Agency by such persons as at the actual date of the execution of such Bond shall be the proper officers of the Successor Agency although on the date of such Bond any such person shall not have been such officer of the Successor Agency.

Only such of the Bonds as shall bear thereon a Certificate of Authentication in the form hereinafter set forth, manually executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such Certificate shall be conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture. In the event temporary Bonds are issued pursuant to Section 2.09 hereof, the temporary Bonds may bear thereon a Certificate of Authentication executed and dated by the Trustee, may be initially registered by the Trustee, and, until so exchanged as provided under Section 2.09 hereof, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.06. Transfer of Bonds.

(a) The Bonds may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bonds shall be surrendered for registration of transfer, the Successor Agency shall execute and the Trustee shall deliver a new Bond or Bonds, of like series, interest rate, maturity and principal amount of authorized denominations. The Trustee shall collect from the Owner any tax or other governmental charge on the transfer of any Bonds pursuant to this Section 2.06. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Successor Agency.

The Trustee may refuse to transfer, under the provisions of this Section 2.06, either (a) any Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption.

(b) Ownership of the Bonds may be transferred in whole only, but only to:

(i) a qualified institutional buyer within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended,

(ii) an accredited investor as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act of 1933, as amended, or

(iii) a trust, partnership, custodial arrangement or similar entity, interests in which are offered and sold in a private placement or limited offering only to qualified institutional buyers or accredited investors;

in each case that executes and delivers to the Trustee an investor letter in substantially the form attached hereto as Exhibit B.

Section 2.07. Exchange of Bonds. Bonds may be exchanged at the Principal Corporate Trust Office for a like aggregate principal amount of Bonds of other authorized denominations of the same series, interest rate and maturity. The Trustee shall collect any tax or other governmental charge on the exchange of any Bonds pursuant to this Section 2.07. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Successor Agency.

The Trustee may refuse to exchange, under the provisions of this Section 2.07, either (a) any Bonds during the fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption or (b) any Bonds selected by the Trustee for redemption.

Section 2.08. Registration of Bonds. The Trustee will keep or cause to be kept, at its Principal Corporate Trust Office, sufficient records for the registration and registration of transfer of the Bonds, which shall at all times during normal business hours be open to inspection by the Successor Agency, upon reasonable prior notice to the Trustee; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books Bonds as hereinbefore provided.

Section 2.09. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Successor Agency, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Successor Agency upon the same conditions and in substantially the same manner as the definitive Bonds. If the Successor Agency issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange therefor at the Principal Corporate Trust Office, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations, interest rates and like maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Successor Agency, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon deliver, a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Successor Agency and the Trustee and, if such evidence be satisfactory to both

and indemnity satisfactory to them shall be given, the Successor Agency, at the expense of the Owner, shall execute, and the Trustee shall thereupon deliver, a new Bond of like tenor and amount in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond has matured or has been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee and the Successor Agency). The Successor Agency may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.10 and of the expenses which may be incurred by the Successor Agency and the Trustee in the premises. Any Bond issued under the provisions of this Section 2.10 in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Successor Agency whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued pursuant to this Indenture.

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS; PARITY DEBT

Section 3.01. Issuance of Bonds. Upon the execution and delivery of this Indenture, the Successor Agency shall execute and deliver to the Trustee Bonds in the aggregate principal amount of _____ dollars (\$_____) and the Trustee shall authenticate and deliver the Bonds upon the Written Request of the Successor Agency.

Section 3.02. Application of Proceeds of Sale. Upon the receipt of the proceeds of the sale of the Bonds on the Closing Date of \$_____ (being the principal amount of the Bonds of \$_____.00) the Trustee shall apply the proceeds of sale thereof as follows:

- (a) The Trustee shall deposit the amount of \$_____ in the Costs of Issuance Fund; and
- (b) The Trustee shall transfer the amount of \$_____ to the Escrow Bank for deposit in the Escrow Fund.

The Trustee may establish, as it deems necessary, a temporary fund or account on its records to facilitate the deposits and transfers set forth herein.

Section 3.03. Costs of Issuance Fund. There is hereby established a separate fund to be known as the "Costs of Issuance Fund," which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date 180 days following the Closing Date, or upon the earlier Written Request of the Successor Agency stating that all known Costs of Issuance have been paid, all amounts, if any, remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Account, and the Trustee shall then close the Costs of Issuance Fund.

Section 3.04. Issuance of Parity Debt. In addition to the Bonds, the Successor Agency may issue or incur Parity Debt to refund all or any portion of the Bonds, or previously issued Parity Debt, in each case in such principal amount as shall be determined by the Successor Agency, pursuant to a separate or Supplemental Indenture adopted or entered into by the Successor Agency and Trustee if (a) the Successor Agency is in compliance with all covenants set forth in this Indenture, and (b) the Parity Debt is in compliance with the requirements of section 34177.5(a)(1) of the Dissolution Act.

The Supplemental Indenture providing for the issuance of the Parity Debt shall provide that:

- (a) Interest on the Parity Debt is payable on May 1 and November 1 in each year of the term thereof;

(b) The principal of the Parity Debt is payable on November 1 in any year in which principal is payable;

(c) The trustee for the Parity Debt is the same entity which performs the duties of Trustee for the Bonds; and

(d) A reserve account may, but shall not be required to, be established for the Parity Debt.

Section 3.04. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion to the Community Redevelopment Project or upon the performance by any person of his obligation with respect to the Redevelopment Project.

ARTICLE IV

SECURITY OF BONDS; FLOW OF FUNDS

Section 4.01. Security of Bonds; Equal Security. Except as provided in Sections 4.02 and 6.06, the Bonds and any Parity Debt shall be equally secured (a) by a pledge of, security interest in and lien on all of the Tax Revenues excluding the Tax Revenues distributed on January 2 in each Bond Year not required for debt service on the Bonds on March 1 of such year, but including all Tax Revenues distributed on January 2 in each Bond Year to be reserved for 50% of the November 1 payment of principal on the Bonds in such Bond Year; and (b) by a first and exclusive pledge and lien upon all of the moneys in the Redevelopment Obligation Retirement Fund without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery; *provided, however,* that so long as any of the Senior Bonds remains outstanding, the Successor Agency shall first use the amounts deposited to the Redevelopment Obligation Retirement Fund as required to satisfy its scheduled obligations with respect to such outstanding Senior Bonds. Except for the Tax Revenues, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

In consideration of the acceptance of the Bonds by those who shall own the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Trustee for the benefit of the Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Successor Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

Section 4.02. Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues. There has been established a special trust fund known as the "Redevelopment Obligation Retirement Fund," which shall be held by the Successor Agency pursuant to section 34170.5 of the Dissolution Act. There is hereby established a special trust fund known as the "Debt Service Fund" and the accounts therein referred to below which shall be held by the Trustee. The Successor Agency shall deposit all of the Tax Revenues received in any Bond Year in the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency. Amounts in the Redevelopment Obligation Retirement Fund, after deductions for amounts due on any outstanding Senior Bonds, shall be promptly transferred (a) to the Debt Service Fund established and held by the Trustee under this Indenture until such time during such Bond Year as the amounts so transferred to the Debt Service Fund hereunder equal the aggregate amounts required to be deposited by the Trustee into the Interest Account, the Principal Account, the Sinking Account and the Redemption Account of the Debt Service Fund in such Bond Year pursuant to Section 4.03 of this Indenture excluding the Tax Revenues distributed on January 2 in each Bond Year not required for debt service on the Bonds on May 1 of such year, but including all Tax Revenues distributed on January 2 in each Bond Year to be reserved for 50% of the November 1 principal on the Bonds payable in such Bond Year; and (b)

for deposit in such Bond Year in the funds and accounts established with respect to Parity Debt, as provided in any Supplemental Indenture. In the event that the amount of Tax Revenues (available after payment of debt service on the Senior Bonds) is not sufficient to pay the Bonds and any Parity Debt outstanding, any such insufficiency shall be allocated among the Bonds and any Parity Debt on a *pro rata* basis (based on the amount of debt service coming due during any such period of insufficiency).

Any Tax Revenues received during a Bond Year and held in the Redevelopment Obligation Retirement Fund, to the extent remaining after making payment of amounts due on any Senior Bonds, and the foregoing transfers to the Debt Service Fund and in respect of any Parity Debt in such Bond Year, shall be released from the pledge and lien under this Indenture which secures the Bonds and any Parity Debt and may be applied for any lawful purposes of the Successor Agency, including but not limited to administrative costs of the Successor Agency.

Section 4.03. Deposit of Amounts by Trustee. There are hereby created accounts within the Debt Service Fund as set forth below, to be known respectively as the Interest Account, the Principal Account, the Sinking Account and the Redemption Account. Moneys in the Debt Service Fund will be transferred by the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective accounts within the Debt Service Fund, in the following order of priority:

(a) *Interest Account.* On or before the fifth Business Day preceding each Interest Payment Date or date of redemption of the Bonds, to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds and Parity Debt on such Interest Payment Date or date of redemption of the Bonds. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds and Parity Debt or date of redemption of the Bonds of the interest coming due on the Bonds to be redeemed. Subject to this Indenture, all moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds and Parity Debt as it becomes due and payable (including accrued interest on any Bonds and Parity Debt redeemed prior to maturity pursuant to this Indenture).

(b) *Principal Account.* On or before the fifth Business Day preceding each Interest Payment Date, commencing with the Interest Payment Date occurring on November 1, 2017, to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the Principal Account an amount equal to one-half of the principal payments becoming due and payable on Outstanding Bonds and Parity Debt on the next November 1, to the extent monies on deposit in the Debt Service Fund are available therefor. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal payments to become due on the next November 1 on all Outstanding Bonds and Parity Debt. Subject to this Indenture, all moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal payments of the Bonds and Parity Debt as it becomes due and payable.

(c) *Sinking Account.* On or before the fifth Business Day preceding each Interest Payment Date, commencing with the first such date on which principal (or any mandatory sinking payment) is due on any Term Bonds, to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the Sinking Account an amount equal to one-half of the sinking account payments becoming due and payable on any Bonds and Parity Debt that constitute Term Bonds on the next November 1, to the extent monies on deposit in the Debt Service Fund are available therefor. No such transfer and deposit need be made to the Sinking Account if the amount contained therein is at least equal to the sinking account payments to become due on the next November 1 on all Outstanding Bonds and Parity Debt that constitute Term Bonds. Subject to this Indenture, all moneys in the Sinking Account will be used and withdrawn by the Trustee solely for the purpose of paying the aggregate principal amount of the Term Bonds and term bonds relating to Parity Debt required to be redeemed on such November 1 pursuant to the provisions of the document providing for the issuance of any Parity Debt that constitutes Term Bonds.

(d) *Redemption Account.* On or before the fifth Business Day preceding any date on which Bonds are to be optionally redeemed, the Trustee shall withdraw from the Debt Service Fund and transfer to the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be redeemed on such date, taking into account any funds then on deposit in the Redemption Account. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Successor Agency designated by the Successor Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed on the respective dates set for such redemption.

ARTICLE V

OTHER COVENANTS OF THE AGENCY

Section 5.01. Covenants of the Successor Agency. As long as the Bonds are outstanding and unpaid, the Successor Agency shall (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in this Indenture or in any Bond issued hereunder, including the following covenants and agreements for the benefit of the Bondowners which are necessary, convenient and desirable to secure the Bonds and any Parity Debt; *provided, however*, that the covenants do not require the Successor Agency to expend any funds other than the Tax Revenues:

(a) *Use of Proceeds; Management and Operation of Properties*. The Successor Agency covenants and agrees that the proceeds of the sale of the Bonds will be deposited and used as provided in this Indenture and that it will manage and operate all properties owned by it comprising any part to the Redevelopment Project in a sound and businesslike manner.

(b) *No Priority*. The Successor Agency covenants and agrees that it will not issue any obligations payable, either as to principal or interest, from the Tax Revenues which have any lien upon the Tax Revenues prior or superior to the lien of the Bonds. Except as permitted by Section 3.04 hereof, it will not issue any obligations, payable as to principal or interest, from the Tax Revenues, which have any lien upon the Tax Revenues on a parity with the Bonds authorized herein. Notwithstanding the foregoing, nothing in this Indenture shall prevent the Successor Agency (i) from issuing and selling pursuant to law, refunding obligations payable from and having any lawful lien upon the Tax Revenues, if such refunding obligations are issued for the purpose of, and are sufficient for the purpose of, refunding all or a portion of the Outstanding Bonds and Parity Debt, (ii) from issuing and selling obligations which have, or purport to have, any lien upon the Tax Revenues which is junior to the Bonds, or (iii) from issuing and selling bonds or other obligations which are payable in whole or in part from sources other than the Tax Revenues. As used herein "obligations" includes, without limitation, bonds, notes, interim certificates, debentures or other obligations.

(c) *Punctual Payment*. The Successor Agency covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds on the date, at the place and in the manner provided in the Bonds.

(d) *Payment of Taxes and Other Charges*. The Successor Agency covenants and agrees that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Successor Agency or any of the properties then owned by it in the Redevelopment Project, or upon the revenues and income therefrom, and will pay all lawful claims for labor, materials and supplies which if unpaid might become a lien or charge upon any of the properties, revenues or income or which might impair the security of the Bonds or the use of Tax Revenues or other legally available funds to pay the principal of and interest on the Bonds, all to the end that the priority and security of the Bonds shall be preserved; provided, however, that nothing in this covenant shall require the Successor Agency to make

any such payment so long as the Successor Agency in good faith shall contest the validity of the payment.

(e) *Books and Accounts; Financial Statements.* The Successor Agency covenants and agrees that it will at all times keep, or cause to be kept, proper and current books and accounts (separate from all other records and accounts) in which complete and accurate entries shall be made of all transactions relating to the Redevelopment Project and the Tax Revenues and other funds relating to the Redevelopment Project. The Successor Agency will prepare within one hundred eighty (180) days after the close of each of its Fiscal Years a post-audit of the financial transactions and records of the Successor Agency for the Fiscal Year to be made by an Independent Certified Public Accountant appointed by the Successor Agency, and will furnish a copy of the post-audit to the Trustee and any rating agency which maintains a rating on the Bonds, and, upon written request, to any Bondowner. The Trustee shall have no duty to review such post-audits.

(f) *Eminent Domain Proceeds.* The Successor Agency covenants and agrees that if all or any part to the Redevelopment Project should be taken from it without its consent, by eminent domain proceedings or other proceedings authorized by law, for any public or other use under which the property will be tax exempt, it shall take all steps necessary to adjust accordingly the base year property tax roll of the Redevelopment Project.

(g) *Protection of Security and Rights of Bondowners.* The Successor Agency covenants and agrees to preserve and protect the security of the Bonds and the rights of the Bondowners and to contest by court action or otherwise (i) the assertion by any officer of any government unit or any other person whatsoever against the Successor Agency that (A) the Law is unconstitutional or (B) that the Tax Revenues pledged under this Indenture cannot be paid to the Successor Agency for the debt service on the Bonds or (ii) any other action affecting the validity of the Bonds or diluting the security therefor, including, with respect to the Tax Revenues.

(h) *Tax Covenants.* The Successor Agency covenants and agrees to contest by court action or otherwise any assertion by the United States of America or any departments or agency thereof that the interest received by the Bondowners is includable in gross income of the recipient under federal income tax laws on the date of issuance of the Bonds. Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest with respect to the Bonds and Parity Debt will not be adversely affected for federal income tax purposes, the Successor Agency covenants to comply with all applicable requirements of the Tax Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(i) *Rebate Requirement.* The Successor Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government. In the event that the Successor Agency shall determine that any amounts are due and payable to the United States of America hereunder and that the Trustee has on deposit an amount of available moneys (excluding moneys on deposit in the Interest Account, the Principal Account or the Sinking Account and excluding any other moneys required to pay the principal of or interest or redemption premium, if any, on the Bonds) to make such payment, the

Successor Agency shall promptly pay from available Tax Revenues or any other source of legally available funds the sum of (A) one hundred percent (100%) of the amounts determined to be due and payable to the United States of America as a result of the investment of amounts on deposit in any fund or account established hereunder, plus (B) all other amounts due and payable to the United States of America.

(ii) Private Business Use Limitation. The Successor Agency shall assure that the proceeds of the Bonds are not used in a manner which would cause the Bonds to become "private activity bonds" within the meaning of section 141(a) of the Tax Code.

(iii) Private Loan Limitation. The Successor Agency shall assure that no more than five percent (5%) of the net proceeds of the Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting nonpurpose obligations as defined in the Tax Code or constituting assessments) to persons other than state or local government units.

(iv) Federal Guarantee Prohibition. The Successor Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Tax Code.

(v) No Arbitrage. The Successor Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the Bond proceeds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date of the Bonds, would have caused the Bonds to be "arbitrage bonds" within the meaning of section 148(a) of the Tax Code.

(i) *Compliance with Dissolution Act; Recognized Obligation Payment Schedules.* The Successor Agency covenants that it will comply with all of the requirements of the Dissolution Act applicable to it and to the Bonds. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to take all actions required under the Dissolution Act to prepare and file Recognized Obligation Payment Schedules so as to enable the Monterey County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund (as such term is used in the definition "Tax Revenues" in this Indenture) for deposit in the Redevelopment Obligation Retirement Fund all amounts as shall be required to enable the Successor Agency to timely pay the principal of, and interest on, all Senior Bonds and on all Outstanding Bonds coming due in each Fiscal Year, including any amounts required to replenish a reserve account established for any Parity Debt.

Without limiting the generality of the foregoing, the Successor Agency shall take all actions required under the Dissolution Act to file a Recognized Obligation Payment Schedule by February 1 in each year, commencing February 1, 2018, in accordance with section 34177 of the Redevelopment Law. "For the semiannual period ending each June 30, the Recognized Obligation Payment Schedule which includes such period shall request the payment to the Successor Agency of an amount of Tax Revenues which is at least equal to the following:

(i) 100% of the amount of principal of and interest on the Senior Bonds coming due and payable on the next succeeding May 1 and November 1,

(ii) 100% of the amount of interest on the Bonds and all Outstanding Parity Debt coming due and payable on the next succeeding May 1 and November 1;

(iii) any amount then required to replenish the full amount to replenish the amount in the reserve account established for all outstanding Senior Bonds; and

(iv) any amount then required to replenish the amount in any reserve account established for any Parity Debt.

For the semiannual period ending each December 31, the Recognized Obligation Payment Schedule which includes such period shall request the payment to the Successor Agency of an amount of Tax Revenues which is at least equal to the remaining principal and interest due on the Bonds and all Outstanding Parity Debt coming due and payable on the next succeeding November 1, and not received or reserved in the period ending June 30.

The foregoing actions shall include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and the California Department of Finance, to the extent required, the amounts to be held by the Successor Agency as a reserve for the timely payment of principal of and interest on the Bonds and all Outstanding Parity Debt coming due in the succeeding Fiscal Year.

(j) *Further Assurances.* The Successor Agency covenants and agrees to adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Indenture.

(k) *Reporting Requirements.* The Successor Agency hereby covenants and agrees that it will provide to the Owner:

(i) the Financial Statements of the City within nine months after the end of each fiscal year, which shall include audited financial statements of the City, including the Successor Agency, with a standard opinion provided by the auditor in accordance with Generally Accepted Accounting Principles including required supplemental information;

(ii) an Annual Report of the Successor Agency (A) demonstrating the ratio of Tax Revenues to scheduled debt service on all Outstanding Bonds for the prior fiscal year, (C) assessed valuation of the taxable property in the Redevelopment Project for the prior Fiscal Year, (D) the top ten taxpayers as shown on the records of the County Assessor for such period and percent of gross revenues from each; (E) gross increment tax revenues for the prior fiscal year; and (F) such additional information with respect to the Redevelopment Project, the Successor Agency or Tax Revenues as the Owner may from time to time reasonably request. Upon written notice to each Bondowner, any

information to be provided pursuant to this covenant may be provided directly to the Owner or may be disseminated through the dissemination services provided through EMMA;

(v) notices of (A) any default on any debt obligation of the Successor Agency, (B) Material Litigation, (C) (D) Material Adverse Effect, or (e) a Determination of Taxability; and

(l) *Event of Default.* The Successor Agency shall immediately notify the Trustee by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an Event of Default under this Indenture.

(n) *Costs and Expenses.* The Successor Agency agrees to pay the reasonable out-of-pocket expenses and disbursements of the Owners and the necessary and reasonable fees, expenses and disbursements of counsel to the Owners in connection with any Event of Default hereunder

ARTICLE VI

THE TRUSTEE

Section 6.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants, duties or obligations shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonable person would exercise or use under the circumstances in the conduct of its own affairs.

(b) The Successor Agency may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing), or (ii) if at any time the Successor Agency has knowledge that the Trustee shall cease to be eligible in accordance with subsection (e) of this Section 6.01, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the Successor Agency to the Trustee, whereupon the Successor Agency shall immediately appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Successor Agency and by giving the Owners notice of such resignation by first class mail, postage prepaid, at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Successor Agency shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction at the expense of the Successor Agency for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing, acknowledging and delivering to the Successor Agency and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the

moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the Successor Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Successor Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Successor Agency shall mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then has a current rating on the Bonds and to the Owners at their respective addresses shown on the Registration Books. If the Successor Agency fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Successor Agency.

(e) Any Trustee appointed under the provisions of this Section 6.01 in succession to the Trustee shall be a financial institution having a corporate trust office in the State, having (or in the case of a corporation or trust company included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such financial institution publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such financial institution shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section 6.01.

Section 6.02. Merger or Consolidation. Any bank, corporation or trust company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank, corporation or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, corporation or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank, corporation or trust company shall be eligible under subsection (e) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 6.03. Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Successor Agency, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of this Indenture or of the security for the Bonds or the tax status of interest thereon nor shall incur any responsibility in

respect thereof, other than as expressly stated herein. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or intentional misconduct. The Trustee shall not be liable for the acts of any agents of the Trustee selected by it with due care. The Trustee and its officers and employees may become the Owner of any Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made by a responsible employee or officer, unless the Trustee shall have been negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) The Trustee shall not be liable for any action taken by it and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or intentional misconduct of the Trustee. The permissive right of the Trustee to do things enumerated hereunder shall not be construed as a mandatory duty.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a Responsible Officer shall have actual knowledge thereof, or shall have received written notice thereof from the Successor Agency at its Principal Corporate Trust Office. In the absence of such actual knowledge or notice, the Trustee may conclusively assume that no default has occurred and is continuing under this Indenture. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee may rely conclusively on the Successor Agency's certificates to establish the Successor Agency's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Tax Revenues into the Redevelopment Obligation Retirement Fund and the investment and application of moneys on deposit in the Redevelopment Obligation Retirement Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

The Trustee shall have no liability or obligation to the Bond Owners with respect to the payment of debt service by the Successor Agency or with respect to the observance or performance by the Successor Agency of the other conditions, covenants and terms contained in

this Indenture, or with respect to the investment of any moneys in any fund or account established, held or maintained by the Successor Agency pursuant to this Indenture or otherwise.

No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Trustee shall be entitled to interest on all amounts advanced by it at the maximum rate permitted by law.

The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys or receivers and shall be entitled to opinion and advice of counsel concerning all matters of trust and its duties hereunder. The Trustee shall not be responsible for any action taken or not taken on the part of any agent, attorney or receiver appointed with due care by it hereunder.

The Trustee shall have no responsibility, opinion, or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds.

Before taking any action under Article VIII or this Article at the written request of a majority of the Owners, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds. The Trustee shall not be accountable for the use or application by the Successor Agency or any other party of any funds which the Trustee has released in accordance with the terms of this Indenture. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees, agents and attorneys. Whether or not expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of the Trustee shall be subject to the provisions of this Article VI.

The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

Section 6.04. Right to Rely on Documents and Opinions. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, facsimile

transmission, electronic mail, opinion or other paper or document believed by it to be genuine and to have been signed or prescribed by the proper party or parties, and shall not be required to make any investigation into the facts or matters contained thereon. The Trustee may consult with counsel, including, without limitation, counsel of or to the Successor Agency, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the Successor Agency, which shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or Report of any Independent Accountant or Independent Redevelopment Consultant appointed by the Successor Agency.

The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Indenture provided, however, that: (a) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (c) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

Section 6.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon reasonable notice to the inspection of the Successor Agency and any Owner, and their agents and representatives duly authorized in writing, during regular business hours and under reasonable conditions.

Section 6.06. Compensation and Indemnification. The Successor Agency shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture in accordance with the letter proposal from the Trustee approved by the Successor Agency and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture. The Trustee shall have a first lien on the Tax Revenues and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel).

The Successor Agency further covenants and agrees to indemnify, defend and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense and liabilities, including legal fees and expenses, which it may incur arising out of or in connection with the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or intentional misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the Successor Agency and the rights of the Trustee under this Section 6.06 shall survive resignation or removal of the Trustee under this Indenture and payment of the Bonds and discharge of this Indenture.

Section 6.07. Deposit and Investment of Moneys in Funds. Subject to the provisions of Article V hereof, all moneys held by the Trustee in the Debt Service Fund, Costs of Issuance Fund or the Redemption Account, shall, at the written direction of the Successor Agency, be invested only in Permitted Investments. If the Trustee receives no written directions from the Successor Agency as to the investment of moneys held in any fund or account, the Trustee shall request such written direction from the Successor Agency and, pending receipt of instructions, shall invest such moneys solely in Permitted Investments described in subsection (d) of the definition thereof.

(a) Moneys in the Redevelopment Obligation Retirement Fund shall be invested by the Successor Agency only in obligations permitted by the Law which will by their terms mature not later than the date the Successor Agency estimates the moneys represented by the particular investment will be needed for withdrawal from the Redevelopment Obligation Retirement Fund.

(b) Moneys in the Interest Account, the Principal Account, the Sinking Account and the Redemption Account of the Debt Service Fund shall be invested only in obligations which will by their terms mature on such dates as to ensure that before each interest and principal payment date, there will be in such account, from matured obligations and other moneys already in such account, cash equal to the interest and principal payable on such payment date.

Obligations purchased as an investment of moneys in any of the funds or accounts shall be deemed at all times to be a part of such respective Fund or Account and the interest accruing thereon and any gain realized from an investment shall be credited to such Fund or Account and any loss resulting from any authorized investment shall be charged to such Fund or Account without liability to the Trustee. The Successor Agency or the Trustee, as the case may be, shall sell or present for redemption any obligation purchased whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such Fund or Account as required by this Indenture and shall incur no liability for any loss realized upon such a sale. All interest earnings received on any monies invested in the Interest Account, Principal Account, Sinking Account or Redemption Account, to the extent they exceed the amount required to be in such Account, shall be transferred on each Interest Payment Date to the Debt Service Fund. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 6.07. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 6.07 hereof. The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency

the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Successor Agency periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

The value of Permitted Investments shall be determined as follows: (i) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination; (ii) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (iii) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and (iv) as to any investment not specified above: the value thereof established by prior agreement between the Successor Agency and the Trustee. If more than one provision of this definition of "value" shall apply at any time to any particular investment, the value thereof at such time shall be determined in accordance with the provision establishing the lowest value for such investment; provided, notwithstanding the foregoing, in making any valuations hereunder, the Trustee may utilize and conclusively rely upon such pricing services as may be regularly available to it, including, without limitation, those within its regular accounting system.

Section 6.08. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions relating to the proceeds of the Bonds made by it and all funds and accounts held by the Trustee established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Successor Agency upon reasonable prior notice, at reasonable hours and under reasonable circumstances. The Trustee shall furnish to the Successor Agency, at least monthly, an accounting of all transactions in the form of its customary statements relating to the proceeds of the Bonds and all funds and accounts held by the Trustee pursuant to this Indenture. The Trustee shall maintain and store such records for a period of one year after the stated maturity of the Bonds.

Section 6.09. Appointment of Co-Trustee or Agent. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an

additional individual or institution as a separate trustee or co-trustee. The following provisions of this Section 6.09 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them; *provided, however*, in no event shall the Trustee be responsible or liable for the acts or omissions of any co-trustee.

Should any instrument in writing from the Successor Agency be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Successor Agency. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Section 6.10. Other Transactions with Successor Agency. The Trustee, either as principal or agent, may engage in or be interested in any financial or other transaction with the Successor Agency.

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.01. Amendment. This Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without the consent of any Owners, to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Successor Agency in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers herein reserved to or conferred upon the Successor Agency; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the Successor Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not, in the reasonable determination of the Successor Agency, materially adversely affect the interests of the Owners; or

(c) to provide for the issuance of Parity Debt in accordance with Section 3.04; or

(d) to amend any provision hereof relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exemption from federal income taxation of interest on any of the Bonds, in the opinion of nationally recognized bond counsel.

Except as set forth in the preceding paragraph, this Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, or (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification. In no event shall any Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent. In addition, the Trustee shall be entitled to an opinion of counsel concerning the Supplemental Indenture's lack of any material adverse effect on the Owners and that all conditions precedent for any supplement or amendment has been satisfied.

Section 7.02. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter

be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 7.03. Endorsement or Replacement of Bonds After Amendment. After the effective date of any amendment or modification hereof pursuant to this Article VII, the Successor Agency may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Successor Agency, as to such amendment or modification and in that case upon demand of the Successor Agency, the Owners of such Bonds shall present such Bonds for that purpose at the Principal Corporate Trust Office, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Successor Agency may determine that new Bonds shall be prepared at the expense of the Successor Agency and executed in exchange for any or all of the Bonds, and in that case, upon demand of the Successor Agency, the Owners of the Bonds shall present such Bonds for exchange at the Principal Corporate Trust Office, without cost to such Owners.

Section 7.04. Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.01. Events of Default and Acceleration of Maturities. The following events shall constitute Events of Default hereunder:

(a) if default shall be made by the Successor Agency in the due and punctual payment of the principal or sinking fund payment of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the Successor Agency in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of sixty (60) days following receipt by the Successor Agency of written notice from the Trustee or any Owner of the occurrence of such default provided that if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such 60 day period, such failure will not constitute an event of default if corrective action is instituted by the Successor Agency within such 60 day period and the Successor Agency thereafter diligently and in good faith cures such failure within 120 days; or

(c) if the Successor Agency files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction will approve a petition seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will approve a petition, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will assume custody or control of the Successor Agency or of the whole or any substantial part of its property.

If an Event of Default pursuant to Section 8.01 (a) or Section 8.01 (c) herein has occurred and is continuing, the Trustee may, and, if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and (b) the Trustee shall, subject to the provisions of Section 8.06, exercise any other remedies available to the Trustee and the Bond Owners in law or at equity.

Promptly upon receiving written notice or actual knowledge (of a Responsible Officer) of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency by telephone confirmed in writing. With respect to any Event of Default described in clauses (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the

Owners by mail, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law), and the reasonable expenses of the Trustee, (including the allocated costs and disbursements of its in-house counsel) to and any and all other defaults of which the Trustee has notice (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, with the prior written approval of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 8.02. Application of Funds Upon Acceleration. All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of acceleration as provided in Section 8.01, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in exercising the rights and remedies set forth in this Article VIII, including reasonable compensation to its agents, attorneys (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and counsel and any outstanding fees, expenses of the Trustee; and

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest on the overdue principal and installments of interest at the net effective rate then borne by the Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Section 8.03. Limitation on Owner's Right to Sue. No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made Written Request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such Written Request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond as herein provided, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section 8.03 or any other provision of this Indenture.

Section 8.04. Non-Waiver. Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, shall affect or impair the obligation of the Successor Agency, which is absolute and unconditional, to pay from the Tax Revenues and other amounts pledged hereunder, the principal of and interest and redemption premium (if any) on the Bonds to the respective Owners on the respective Interest Payment Dates, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners or the Trustee to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner or the Trustee shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners and the Trustee by the Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners and the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Owners or the Trustee, the Successor Agency, the Trustee and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 8.05. Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds or Parity Debt shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact; *provided, however*, the Trustee shall have no duty or obligation to exercise any such right or remedy unless it has been indemnified to its satisfaction from any loss, liability or expense (including fees and expenses of its outside counsel and the allocated costs and disbursements of its in-house counsel).

Section 8.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

Section 8.07. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Successor Agency, the Trustee, their officers, employees and agents, and the Owners any right, remedy or claim under or by reason of this Indenture, or any covenant, condition or stipulation of this Indenture, and all covenants, stipulations, promises and agreements in this Indenture shall be for the sole and exclusive benefit of the Successor Agency, the Trustee, their officers, employees and agents, and the Owners.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Benefits Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Successor Agency, the Trustee and the Owners, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Trustee and the Owners.

Section 9.02. Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture either the Successor Agency or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Successor Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.03. Discharge of Indenture. If the Successor Agency shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on all or the applicable portion of Outstanding Bonds, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee or another fiduciary, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, is fully sufficient to pay all or the applicable portion of Outstanding Bonds, including all principal, interest and redemption premiums, or;

(c) by irrevocably depositing with the Trustee or another fiduciary, in trust, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds or the applicable portion of (including all principal, interest and redemption premiums) at or before maturity;

and, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Section 2.03(c) or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the Successor Agency, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the Successor Agency under this Indenture shall cease and terminate with respect to all Outstanding Bonds or, if applicable, with respect to that portion of the Bonds which has been paid and discharged, except only (a) the covenants of the Successor Agency hereunder with respect to the Code, (b) the obligation of the Trustee to transfer and exchange Bonds

hereunder, (c) the obligations of the Successor Agency under Section 6.06 hereof, and (d) the obligation of the Successor Agency to pay or cause to be paid to the Owners, from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee all fees, expenses and costs of the Trustee. In the event the Successor Agency shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Successor Agency has determined to pay and discharge in part.

In the case of a defeasance or payment of all of the Bonds Outstanding, any funds thereafter held by the Trustee which are not required for said purpose or for payment of amounts due the Trustee pursuant to Section 6.06 shall be paid over to the Successor Agency.

To accomplish defeasance the Successor Agency shall cause to be delivered (i) a Report of an Independent Accountant verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or earlier redemption date ("Verification"), (ii) an escrow deposit agreement, and (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under this Indenture; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Successor Agency and the Trustee.

Section 9.04. Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Bonds and the amount, maturity, number and date of ownership thereof shall be proved by the Registration Books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Successor Agency or the Trustee and in accordance therewith, *provided, however,* that the Trustee shall not be deemed to have knowledge that any Bond is owned by or for the account of the Successor Agency unless the Successor Agency is the registered Owner or the Trustee has received written notice that any other registered Owner is such an affiliate.

Section 9.05. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction,

consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Successor Agency or the City (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Upon request of the Trustee, the Successor Agency shall specify to the Trustee those Bonds disqualified pursuant to this Section 9.05.

Section 9.06. Waiver of Personal Liability. No member, officer, agent or employee of the Successor Agency shall be individually or personally liable for the payment of the principal of or interest or any premium on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.07. Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to the Trustee of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, the Trustee shall destroy such bonds and upon request of the Successor Agency provide the Successor Agency a certificate of destruction. The Successor Agency shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

Section 9.08. Notices. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by first class, registered or certified mail, postage prepaid, or sent by telegram, addressed as follows:

- If to the Successor Agency: Successor Agency of the Former
Sand City Redevelopment Agency
c/o City of Sand City
One Sylvan Park
Sand City, CA 93955
Attention: City Administrator
Phone: (831) 394-3054

- If to the Trustee: U.S. Bank National Association
One California Street, Suite 1000
San Francisco, CA 94111
Attention: Global Corporate Trust Services
Phone: (415) 677-3599

- If to the Original Purchaser: _____

The Successor Agency and the Trustee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 9.09. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The Successor Agency hereby

declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Trustee hereunder shall, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof, be assumed by and vest in the Treasurer of the Successor Agency in trust for the benefit of the Owners. The Successor Agency covenants for the direct benefit of the Owners that its Treasurer in such case shall be vested with all of the rights and powers of the Trustee hereunder, and shall assume all of the responsibilities and perform all of the duties of the Trustee hereunder, in trust for the benefit of the Bonds, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof.

Section 9.10. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become payable, shall be repaid by the Trustee to the Successor Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Successor Agency for the payment of the principal of and interest and redemption premium (if any) on of such Bonds.

Section 9.11. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.12. Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State applicable to contracts made and performed in the State.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE DISSOLVED SAND CITY SAND CITY REDEVELOPMENT AGENCY, has caused this Indenture to be signed in its name by its officer thereunto duly authorized and attested by its Secretary, and U.S. BANK NATIONAL ASSOCIATION in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

SUCCESSOR AGENCY OF THE FORMER
SAND CITY REDEVELOPMENT AGENCY

By _____
Name _____
Title _____

Attest:

Secretary

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Vice President

EXHIBIT A
FORM OF BOND

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUYNTY OF MONTEREY

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THIS BOND MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH SECTION 2.06 OF THE INDENTURE DESCRIBED HEREIN.
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**SUCCESSOR AGENCY OF THE
FORMER SAND CITY REDEVELOPMENT AGENCY
Tax Allocation Refunding Bond, Series 2017**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	November 1, 2027	[July] __, 2017	_____

REGISTERED OWNER: COMPASS MORTGAGE CORPORATION, an Alabama corporation

PRINCIPAL SUM: _____ DOLLARS

The SUCCESSOR AGENCY TO THE DISSOLVED SAND CITY SAND CITY REDEVELOPMENT AGENCY, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California (the "Agency"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns (the "Registered Owner"), on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), the Principal Sum stated above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month immediately preceding an Interest Payment Date (the "Record Date"), in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before October 15, 2017, in which event it shall bear interest from the Dated Date above; *provided however*, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Bond, until payment of such Principal Sum in full, at the Interest Rate per annum stated above, payable semiannually on each May 1 and November 1, commencing November 1, 2017, or, if such day is not a Business Day (as such term is defined in the Indenture, hereinafter defined),

on the next succeeding Business Day (each an "Interest Payment Date"), calculated on the basis of 360-day year comprised of twelve 30-day months.

Principal hereof and premium, if any, upon early redemption hereof are payable upon surrender of this Bond at the Principal Corporate Trust Office (as such term is defined in the Indenture) of U.S. Bank National Association, as trustee (the "Trustee"), or at such other place as designated by the Trustee. Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed by first class mail, postage prepaid, on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books maintained by the Trustee as of the Record Date for which such Interest Payment Date occurs; provided however, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of \$1,000,000 or more upon written instructions of any such registered owner filed with the Trustee for that purpose on or before the Record Date preceding the applicable Interest Payment Date.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as "Successor Agency of the Former Sand City Redevelopment Agency Subordinate Tax Allocation Refunding Bonds, Series 2017" (the "Bonds"), of an aggregate principal amount of _____ dollars (\$ _____), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers, maturities, interest rates, or redemption and other provisions) and all issued pursuant to the provisions of section 34177.5 of the California Health and Safety Code and Section 53580 *et seq.* of the California Government Code and pursuant to Resolution No. ____ of the Successor Agency, adopted on May 16, 2017, and Resolution No. _____, adopted by the Oversight Board on _____, 2017, and an Indenture of Trust, dated as of [July] 1, 2017, entered into by and between the Successor Agency and the Trustee (the "Indenture"), authorizing the issuance of the Bonds. Additional bonds, or other obligations may be issued on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all indentures supplemental thereto and to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Redevelopment Law") for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues (as that term is defined in the Indenture), and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Successor Agency thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Successor Agency for the purpose of providing funds to (a) refund the outstanding Sand City Redevelopment Agency (Sand City Redevelopment Project) Tax Allocation Bonds, 2008 Series A, and (b) pay certain expenses of the Successor Agency in issuing the Bonds.

The Bonds are special obligations of the Successor Agency and this Bond and the interest hereon and on all other Bonds and the interest thereon (to the extent set forth in the Indenture), are payable from, and are secured by a pledge of, security interest in and lien on the Tax Revenues being the moneys deposited from time to time in the Redevelopment Property Tax

Trust Fund established pursuant to subdivision (c) of section 34172 the California Health and Safety Code, as provided in paragraph (2) of subdivision (a) of section 34183 of the California Health and Safety Code. If, and to the extent, that the provisions of section 34172 or paragraph (2) of subdivision (a) of section 34183 the California Health and Safety Code are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to section 33670 of the California Health and Safety Code or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution.

There has been created and will be maintained by the Successor Agency, the Redevelopment Obligation Retirement Fund (as defined in the Indenture) into which Tax Revenues shall be deposited and from which the Successor Agency shall transfer amounts to the Trustee for payment of the principal of and the interest and redemption premium, if any, on the Bonds and any Parity Debt (as defined in the Indenture) when due, subject to the first use of amounts in the Redevelopment Obligation Retirement Fund to satisfy the Successor Agency's obligations with respect to the Senior Bonds (as defined in the Indenture). As and to the extent set forth in the Indenture, all such Tax Revenues are pledged, in accordance with the terms and provisions of the Indenture and the Redevelopment Law, for the security and payment of the Bonds and any Parity Debt. In addition, the Bonds and any Parity Debt are secured by a pledge of, security interest in and lien upon moneys in the Redevelopment Obligation Retirement Fund, the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account and the Redemption Account (as such terms are defined in the Indenture), all to the extent set forth in the Indenture. Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise be liable for, the payment of principal of or interest or redemption premium, if any, on the Bonds.

The Bonds are not subject to optional redemption prior to maturity.

The Bonds are subject to mandatory redemption from Sinking Account payments set forth in the following schedule on November 1, 2017, and on each November 1 thereafter to and including November 1, 2027, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption. If any Sinking Account redemption date is not a Business Day, such payment shall be made on the next succeeding Business Day with the same force and affect as if such payment was made on the Sinking Fund redemption date.

Redemption Date (November 1)	Principal Amount
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027†	

† Maturity.

As provided in the Indenture, notice of redemption shall be given by first class mail no less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective registered owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books maintained by the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

The Bonds are issuable as fully registered Bonds without coupons in denominations of \$5,000 and any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Indenture, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same maturity.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Corporate Trust Office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new fully registered Bond or Bonds, of any authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. The Trustee may refuse to transfer or exchange (a) any Bonds during the fifteen (15) days prior to the date established for the selection of Bonds for redemption, or (b) any Bonds selected for redemption.

The Successor Agency and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Successor Agency and the Trustee shall not be affected by any notice to the contrary.

The rights and obligations of the Successor Agency and the registered owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided herein of any Bond without the express written consent of the registered owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

This Bond is not a debt of the City of Sand City, the State of California, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than those of the Successor Agency. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time and manner as required by the Redevelopment Law and the laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Successor Agency, does not exceed any limit prescribed by the Redevelopment Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the Trustee's Certificate of Authentication hereon shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Successor Agency to the Dissolved Sand City Sand City Redevelopment Agency has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Chair and attested by the facsimile signature of its Secretary, all as of Dated Date stated above.

SUCCESSOR AGENCY OF THE FORMER SAND CITY REDEVELOPMENT AGENCY

By: _____
Chair

Attest:

By: _____
Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Authentication Date: _____

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint

attorney, to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution (banks, stock brokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program) pursuant to Securities and Exchange Commission Rule 17 Ad-15.

NOTICE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT B

FORM OF PURCHASER'S LETTER

Successor Agency of the Former Sand City Redevelopment Agency
One Sylvan park
Sand City, CA 93955

Re: Successor Agency of the Former Sand City Redevelopment Agency Subordinate
Tax Allocation Refunding Bonds, Series 2017

Ladies and Gentlemen:

The undersigned (the "Purchaser"), being the purchaser of the above-referenced bonds (the "Bonds") does hereby certify, represent and warrant for the benefit of the Successor Agency of the Former Sand City Redevelopment Agency (the "Successor Agency") and U.S. Bank National Association, as trustee (the "Trustee") that:

(a) The Purchaser (MARK OR INDICATE APPROPRIATELY):

is a qualified institutional buyer" (a "Qualified Institutional Buyer") within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act"),

is an "accredited investor" as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act (an "Accredited Investor"), or

is a trust, partnership, custodial arrangement or similar entity, interests in which are offered and sold in a private placement or limited offering only to Qualified Institutional Buyers or Accredited Investors.

(b) The Purchaser understands that the Bonds have not been registered under the United States Securities Act of 1933, as amended, or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

(c) The Purchaser is not now and has never been controlled by, or under common control with, the Successor Agency. The Successor Agency has never been and is not now controlled by the Purchaser. The Purchaser has entered into no arrangements with the Successor Agency or with any affiliate in connection with the Bonds, other than as disclosed to the Successor Agency.

(d) The Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The individual who is signing this letter on behalf of the Purchaser is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the certificates, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

(e) The Purchaser has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, and (ii) will not be listed on any stock or other securities exchange.

(f) The Purchaser acknowledges that it has the right to sell and transfer the Bonds, subject to compliance with the transfer restrictions set forth in Section 2.06 of the Indenture of Trust, dated as of [July] 1, 2017, by and between the Successor Agency and the Trustee (the "Indenture"), including in certain circumstances the requirement for the delivery to the Successor Agency and the Trustee of an investor's letter in the same form as this Investor's Letter, including this paragraph. Failure to comply with the provisions of Section 2.06 of the Indenture shall cause the purported transfer to be null and void.

(h) Neither the Trustee nor Bond Counsel, or any of their employees, counsel or agents will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding the Successor Agency or its financial condition, the provision for payment of the Bonds, or the sufficiency of any security therefor. The Purchaser acknowledges that, as between the Purchaser and all of such parties, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Bonds.

(i) The Purchaser acknowledges that the Bonds are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the Successor Agency has not undertaken to provide any continuing disclosure with respect to the Bonds, except as otherwise provided in the Indenture.

The Purchaser acknowledges that the sale of the Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

[PURCHASER]

By _____
Name _____

Title _____

ATTACHMENT 4

§ _____
**SUCCESSOR AGENCY OF THE FORMER
SAND CITY REDEVELOPMENT AGENCY**
Subordinate Tax Allocation Refunding Bonds, Series 2017

BOND PURCHASE AND RATE LOCK AGREEMENT

_____, 2017

Successor Agency of the Former Sand City Redevelopment Agency
One Sylvan Park
Sand City, California 93955

Ladies and Gentlemen:

Compass Mortgage Corporation, an Alabama corporation (the "Purchaser"), offers to enter into this Bond Purchase and Rate Lock Agreement (the "Bond Purchase Agreement") with the Successor Agency of the Former Sand City Redevelopment Agency (the "Successor Agency"), which will be binding upon the Successor Agency and the Purchaser upon the acceptance hereof by the Successor Agency. This offer is made subject to its acceptance by the Successor Agency by execution of this Bond Purchase Agreement and its delivery to the Purchaser on or before 5:00 P.M., California time, on the date hereof.

Terms not otherwise defined herein shall have the same meanings as set forth in the Indenture, described below.

1. *Purchase and Sale.* Upon the terms and conditions and in reliance upon the representations, warranties and covenants herein, the Successor Agency hereby agrees to sell to the Purchaser and the Purchaser hereby agrees to purchase from the Successor Agency, all (but not less than all) of the \$_____ Successor Agency of the Former Sand City Redevelopment Agency Subordinate Tax Allocation Refunding Bonds, Series 2017 (the "Bonds"), at the purchase price of \$_____ (the "Purchase Price"), being the principal amount of the Bonds. The Purchase Price will be delivered on the Closing Date (as defined in Section 5 below), to U.S. Bank National Association, as trustee (the "Trustee"), on behalf of the Successor Agency.

The Successor Agency acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the Successor Agency and the Purchaser; (ii) in connection with such transaction, including the process leading thereto, the Purchaser is acting solely as a principal and not as an agent or a fiduciary of the Successor Agency; (iii) the Purchaser has neither assumed an advisory or fiduciary responsibility in favor of the Successor Agency with respect to the offering of the Bonds or the process leading thereto (whether or not the Purchaser, or any affiliate of the Purchaser, has advised or is currently advising the Successor Agency on other matters) nor has it assumed any other obligation to the Successor Agency except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Purchaser has financial and other interests that differ from those of the Successor Agency; and (v) the

Successor Agency has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

The Successor Agency hereby acknowledges receipt from Hilltop Securities, Inc. as placement agent (the "Placement Agent"), of disclosures required by the Municipal Securities Rulemaking Board ("MSRB") Rule G-17 (as set forth in MSRB Notice 2012-25 (May 7, 2012), relating to disclosures concerning the Placement Agent's role in the transaction, disclosures concerning the Placement Agent's compensation, conflict disclosures, if any, and disclosures concerning complex municipal securities financing, if any.

The Bonds shall be dated the Closing Date, shall bear interest at the rate, shall mature on the date and in the principal amount and shall be subject to redemption, all as set forth in the Exhibit A attached hereto.

The Bonds are being issued pursuant to the provisions of section 34177.5 of the California Health and Safety Code and section 53580 *et seq.* of the California Government Code, a resolution of the Successor Agency, adopted on May 16, 2017 (the "Successor Agency Resolution"), a resolution of the Oversight Board to the Successor Agency of the Former Sand City Redevelopment Agency, adopted on _____, 2017 (the "Oversight Board Resolution"), and that certain Indenture of Trust, dated as of [July] 1, 2017 (the "Indenture"), by and between the Successor Agency and the Trustee. The Department of Finance of the State (the "Department of Finance") has issued a letter, dated _____, 2017, approving the issuance of the Bonds. The Bonds are special, limited obligations of the Successor Agency, payable from, and secured by a lien on Tax Revenues.

The Bonds are being issued for the purpose of providing funds to the Successor Agency to (a) refund, on and advance basis, the Sand City Redevelopment Agency (Sand City Redevelopment Project) Tax Allocation Bonds, 2008 Series A (the "2008A Bonds"), and (b) pay the costs of issuing the Bonds.

Pursuant to an escrow agreement (the "Escrow Agreement"), by and between the Successor Agency and U.S. Bank National Association, as escrow bank (the "Escrow Bank"), provision will be made for the defeasance of the 2008A Bonds.

2. Private Placement; Bonds Constitute Investment of Purchaser.

(a) The Purchaser has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other obligations of a nature similar to the Bonds to be able to evaluate the risks and merits of the investment represented by the purchase of the Bonds.

(b) The Purchaser is acquiring the Bonds for its own account and not with a view to, or for sale in connection with, any distribution thereof or any part thereof. The Purchaser has not offered to sell, solicited offers to buy, or agreed to sell the Bonds or any part thereof, and the Purchaser has no current intention of reselling or otherwise disposing of the Bonds *provided, however,* such representation shall not preclude the Purchaser from transferring or selling of the Bonds in accordance with the provisions of the Indenture. The Purchaser is not acting in a broker-dealer capacity in connection with its purchase of the Bonds. The Purchaser has required as a condition to the purchase of the Bonds that no application be made for the assignment of CUSIP numbers or to make the Bonds DTC eligible.

(c) As a sophisticated investor, the Purchaser has made its own credit inquiry and analysis with respect to the Successor Agency and the Bonds and has made an independent credit decision based upon such inquiry and analysis and in reliance on the truth, accuracy,

and completeness of the representations and warranties of the Successor Agency set forth in the Indenture and in the information set forth in any materials submitted to the Purchaser by the Successor Agency. The Successor Agency has furnished to the Purchaser all the information which the Purchaser, as a reasonable investor, has requested of the Successor Agency as a result of the Purchaser having attached significance thereto in making its investment decision with respect to the Bonds, and the Purchaser has had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the Successor Agency and the Bonds. The Purchaser is able and willing to bear the economic risk of the purchase and ownership of the Bonds.

(d) The Purchaser understands that the Bonds have not been registered under the United States Securities Act of 1933 or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

(e) The Purchaser has authority to purchase the Bonds and to execute any instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The undersigned is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the representations and warranties contained herein on behalf of the Purchaser.

(f) The Purchaser acknowledges that the Bonds are transferable with certain requirements, as described in the Indenture. The Purchaser acknowledges that the Bonds are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the Successor Agency has not undertaken to provide any continuing disclosure with respect to the Bonds but that the Successor Agency has agreed to provide other ongoing information to the Purchaser as set forth in the Indenture and in Exhibit B attached hereto (the "Terms and Conditions").

3. *Representations, Warranties and Agreements of the Successor Agency.* The Successor Agency represents and warrants to the Purchaser that, as of the date hereof and as of the Closing Date:

(a) The Successor Agency is a public body, corporate and politic, organized and existing under the laws of the State of California (the "State"), and is authorized, among other things, (i) to issue the Bonds, and (ii) to secure the Bonds in the manner contemplated by the Indenture.

(b) The Successor Agency has the full right, power and authority (i) to adopt the Successor Agency Resolution, (ii) to enter into the Indenture, the Escrow Agreement and this Bond Purchase Agreement, (iii) to issue, sell and deliver the Bonds to the Purchaser as provided herein, and (iv) to carry out and consummate all other transactions on its part contemplated by each of the aforesaid documents, and the Successor Agency has complied with all provisions of applicable law in all matters relating to such transactions.

(c) The Successor Agency has duly authorized (i) the execution and delivery of the Bonds and the execution, delivery and due performance by the Successor Agency of this Bond Purchase Agreement, the Escrow Agreement and the Indenture, and (ii) the taking of any and all such action as may be required on the part of the Successor Agency to carry out, give effect to and consummate the transactions on its part contemplated by such instruments. All consents or approvals necessary to be obtained by the Successor Agency in connection with the foregoing have been received, and the consents or approvals so received are still in full force and effect.

(d) The Bonds, when issued, authenticated and delivered in accordance with the Successor Agency Resolution and the Indenture, and sold to the Purchaser as provided herein, will constitute legal, valid and binding obligations of the Successor Agency, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State, and are entitled to the benefits of the laws of the State, the Indenture and the Successor Agency Resolution.

(e) Neither the execution and delivery by the Successor Agency of the Indenture, the Escrow Agreement, this Bond Purchase Agreement and of the Bonds nor the consummation of the transactions on the part of the Successor Agency contemplated herein or therein or the compliance with the provisions hereof or thereof will conflict with, or constitute on the part of the Successor Agency a violation of, or a breach of or default under, (i) any statute, indenture, mortgage, note or other agreement or instrument to which the Successor Agency is a party or by which it is bound, (ii) any provision of the State Constitution, or (iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the Successor Agency (or the members of the Successor Agency or any of its officers in their respective capacities as such) is subject.

(f) The Successor Agency has never been in default at any time, as to principal or interest on any obligation which it has issued and the Successor Agency has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Tax Revenues pledged to the payment of the Bonds, whether such lien be on a parity with or senior to the lien thereon securing the Bonds.

(g) Except as otherwise specifically disclosed in writing to the Purchaser, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, which has been served on the Successor Agency or, to the best knowledge of the Successor Agency, threatened, which in any way questions the powers of the Successor Agency referred to in paragraph (b) above, or the validity of any proceeding taken by the Successor Agency in connection with the issuance of the Bonds, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by this Bond Purchase Agreement, the Escrow Agreement or the Indenture, or which, in any way, could adversely affect the validity or enforceability of the Indenture, the Escrow Agreement, the Bonds or this Bond Purchase Agreement or, to the knowledge of the Successor Agency, which in any way questions the exclusion from gross income of the recipients thereof the interest on the Bonds for federal income tax purposes or in any other way questions the status of the Bonds under federal or state tax laws or regulations or which in any way could materially adversely affect the availability of Tax Revenues.

(h) The financial statements of, and other financial information regarding the Successor Agency relating to the receipts, expenditures and cash balances of revenues by the Successor Agency as of June 30, 2016, fairly represent the receipts, expenditures and cash balances of such amounts and, insofar as presented, other funds of the Agency as of the dates and for the periods therein set forth. The financial statements of the Successor Agency have been prepared in accordance with generally accepted accounting principles consistently applied. There has not been any materially adverse change in the financial condition of the Successor Agency or in its operations since June 30, 2016, and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(i) Any certificate signed by any official of the Successor Agency and delivered to the Purchaser in connection with the offer or sale of the Bonds shall be deemed a representation and warranty by the Successor Agency to the Purchaser as to the truth of the statements therein contained.

(j) The Successor Agency has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

(k) The Bonds shall not be registered or otherwise qualified under any Blue Sky or other securities laws.

(l) All authorizations, approvals, licenses, permits, consents, elections, and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required by the Closing Date for the due authorization of, which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the Successor Agency of, its obligations in connection with the Indenture have been duly obtained or made and are in full force and effect.

(m) Between the date of this Bond Purchase Agreement and the Closing Date, the Successor Agency will not offer or issue any bonds, notes or other obligations for borrowed money not previously disclosed to the Purchaser.

(n) The Successor Agency will apply the proceeds of the Bonds in accordance with the Indenture.

(o) As of the time of acceptance hereof and as of the Closing Date, except as otherwise specifically disclosed to the Purchaser, the Successor Agency has complied with the filing requirements of sections 33080 to 33080.6 and with Sections 33334.2, 33334.3 and 33334.6 of the Redevelopment Law.

(p) The Oversight Board has duly adopted the Oversight Board Resolution and no further Oversight Board approval or consent is required for the issuing of the Bonds.

(q) No further Department of Finance approval or consent is required for the issuance of the Bonds. The Successor Agency has received its Finding of Completion from the Department of Finance.

4. *Covenant of the Successor Agency.* The Successor Agency covenants, for the benefit of the Purchaser, that the Successor Agency will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Bonds to be includable in gross income for federal income tax purposes or would adversely affect the qualification of the Bonds as "qualified tax exempt obligations" under section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

5. *Closing.* On [July] __, 2017, or at such other date and times as shall have been mutually agreed upon by the Successor Agency and the Purchaser (the "Closing Date"), the Successor Agency will deliver or cause to be delivered the Bonds to the Purchaser, and the Successor Agency shall deliver or cause to be delivered to the Purchaser the certificates, opinions and documents hereinafter mentioned, each of which shall be dated as of the Closing Date. The activities relating to the execution and delivery of the Bonds, opinions and other instruments as described in Section 7 of this Bond Purchase Agreement shall occur on the Closing Date. The delivery of the certificates, opinions and documents as described herein shall

be made at the offices Quint & Thimmig LLP, in Larkspur, California ("Bond Counsel"), or at such other place as shall have been mutually agreed upon by the Successor Agency and the Purchaser. Such delivery is herein called the "Closing."

The Bonds will be prepared and physically delivered to the Purchaser on the Closing Date in the form of a separate single fully registered bond. The Bonds will be authenticated by the Trustee in accordance with the terms and provisions of the Indenture.

The Purchaser will pay the Purchase Price of the Bonds by delivering to the Trustee, for the account of the Successor Agency a wire transfer in federal funds of the Purchase Price payable to the order of the Trustee.

6. *Closing Conditions.* The obligations of the Purchaser hereunder shall be subject to the performance by the Successor Agency of its obligations hereunder at or prior to the Closing Date and are also subject to the following conditions:

(a) all terms and conditions contained in the Terms and Conditions of the Purchaser, attached hereto as Exhibit B, have been complied with to the Purchaser's satisfaction;

(b) the representations, warranties and covenants of the Successor Agency contained herein shall be true and correct in all material respects as of the Closing Date;

(c) as of the Closing Date, there shall have been no material adverse change in the financial condition of the Successor Agency;

(d) as of the Closing Date, all official action of the Successor Agency relating to this Bond Purchase Agreement, the Escrow Agreement and the Indenture shall be in full force and effect;

(e) as of the Closing Date, the Purchaser shall receive the following certificates, opinions and documents, in each case satisfactory in form and substance to the Purchaser:

(i) a copy of the Indenture, as duly executed and delivered by the Successor Agency and the Trustee;

(ii) copies of the Escrow Agreement, as duly executed and delivered by the Successor Agency and the Escrow Bank;

(iii) an opinion of Bond Counsel, in form acceptable to the Purchaser, dated the Closing Date and addressed to the Successor Agency, with a reliance letter addressed to the Purchaser;

(iv) a certificate, dated the Closing Date, of the Successor Agency executed by the Executive Director (or other duly appointed officer of the Successor Agency authorized by the Successor Agency by resolution of the Successor Agency) to the effect that (A) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Successor Agency or, to the knowledge of the Successor Agency, threatened against or affecting the Successor Agency to restrain or enjoin the Successor Agency's participation in, or in any way contesting the existence of the Successor Agency or the powers of the Successor Agency with respect to, the transactions contemplated by this Bond Purchase Agreement, the Escrow Agreement or the Indenture, and consummation of such transactions; and (B) the representations and warranties of the Successor Agency contained in this Bond Purchase Agreement are true and correct in all material respects, and the Successor

Agency has complied with all agreements and covenants and satisfied all conditions to be satisfied at or prior to the Closing Date as contemplated by the Indenture, the Escrow Agreement and this Bond Purchase Agreement;

(v) an opinion of counsel to the Successor Agency, dated the Closing Date and addressed to the Successor Agency and the Purchaser to the effect that:

(A) the Successor Agency is a public body, duly organized and existing under the laws of the State;

(B) the Successor Agency has full legal power and lawful authority to enter into the Indenture, the Escrow Agreement and this Bond Purchase Agreement and to undertake the transactions contemplated by such instruments;

(C) the Successor Agency Resolution has been duly adopted at a meeting of the governing body of the Successor Agency, which was called and held pursuant to the law and with all public notice required by law and at which a quorum was present and acting throughout and the Successor Agency Resolution is in full force and effect and has not been modified, amended or rescinded;

(D) the Indenture, the Escrow Agreement and this Bond Purchase Agreement have been duly authorized, executed and delivered by the Successor Agency and, assuming due authorization, execution and delivery by the other parties thereof, constitute the valid, legal and binding agreements of the Successor Agency enforceable in accordance with their terms; and

(E) Except as otherwise specifically disclosed to the Purchaser, there is no litigation, action, suit, proceeding or investigation (or any basis therefor) at law or in equity before or by any court, governmental agency or body, pending by way of a summons served against the Successor Agency or, to our knowledge, threatened against the Successor Agency, challenging the creation, organization or existence of the Successor Agency, or the validity of the Indenture, the Escrow Agreement or this Bond Purchase Agreement or seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby or contesting the authority of the Successor Agency to enter into or perform its obligations under the Indenture, the Escrow Agreement or this Bond Purchase Agreement, or under which a determination adverse to the Successor Agency would have a material adverse effect upon the availability of Tax Revenues, or which, in any manner, questions the right of the Successor Agency to enter into, and perform under, the Indenture, the Escrow Agreement or this Bond Purchase Agreement;

(vi) an opinion of counsel to the Trustee, dated the Closing Date and addressed to the Successor Agency and the Purchaser, to the effect that:

(A) The Trustee is a national banking association organized and existing under the laws of the United States of America, having full power to enter into, accept and administer the trust created under the Indenture;

(B) The Indenture has been duly authorized, executed and delivered by the Trustee and the Indenture constitutes a legal, valid and binding obligation of the Trustee enforceable in accordance with its terms, except as enforcement

thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought; and

(C) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the Indenture or the consummation of the transactions contemplated by the Indenture;

(vii) an opinion of counsel to the Escrow Bank, dated the Closing Date and addressed to the Successor Agency and the Purchaser, to the effect that:

(A) The Escrow Bank is a national banking association organized and existing under the laws of the United States of America, having full power to enter into, accept and administer the Escrow Agreement;

(B) The Escrow Agreement has been duly authorized, executed and delivered by the Escrow Bank and the Escrow Agreement constitutes the legal, valid and binding obligation of the Escrow Bank enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought; and

(C) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Escrow Bank that has not been obtained is or will be required for the execution and delivery of the Escrow Agreement or the consummation of the transactions contemplated by the Escrow Agreement;

(viii) a certificate, dated the Closing Date, of the Trustee, signed by a duly authorized officer of the Trustee, to the effect that (A) the Trustee is duly organized and validly existing as a national banking association, with full corporate power to undertake the trust of the Indenture; (B) the Trustee has duly authorized, executed and delivered the Indenture and by all proper corporate action has authorized the acceptance of the trust of the Indenture; and (C) to the best of such officer's knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Trustee (either in state or federal courts), or to the knowledge of the Trustee which would restrain or enjoin the execution or delivery of the Indenture, or which would affect the validity or enforceability of the Indenture, or the Trustee's participation in, or in any way contesting the powers or the authority of the Trustee with respect to, the transactions contemplated by the Indenture, or any other agreement, document or certificate related to such transactions;

(ix) a certificate, dated the Closing Date, of the Escrow Bank, signed by a duly authorized officer of the Escrow Bank, to the effect that (A) the Escrow Bank is duly organized and validly existing as a national banking association, with full corporate power to administer the Escrow Agreement; (B) the Escrow Bank has duly authorized, executed and delivered the Escrow Agreement and by all proper corporate action has authorized the acceptance of the Escrow Agreement; and (C) to the best of such officer's knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the

Escrow Bank (either in state or federal courts), or to the knowledge of the Escrow Bank which would restrain or enjoin the execution or delivery of the Escrow Agreement, or which would affect the validity or enforceability of the Escrow Agreement, or the Escrow Bank's participation in, or in any way contesting the powers or the authority of the Escrow Bank with respect to, the transactions contemplated by the Escrow Agreement, or any other agreement, document or certificate related to such transactions;

(x) a supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Successor Agency and the Purchaser, to the effect that:

(A) this Bond Purchase Agreement and the Escrow Agreement have been duly authorized, executed and delivered by the Successor Agency and, assuming the valid execution and delivery by the other parties thereto, are valid and binding upon the Successor Agency, subject to the laws relating to bankruptcy, insolvency, reorganization of creditors' rights generally and to the application of equitable principles;

(B) the Bonds are exempt from registration pursuant to Section 3(a)(2) of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(xi) an Arbitrage Certificate in the form satisfactory to Bond Counsel;

(xii) certified copies of the Successor Agency Resolution and the Oversight Board Resolution;

(xiii) evidence of the bond approval from the Department of Finance and the Finding of Completion from the Department of Finance;

(xiv) the specimen Bond;

(xv) evidence that the federal tax information form 8038-G with respect to the Bonds has been prepared by Bond Counsel for filing;

(xvi) evidence of required filings with the California Debt and Investment Advisory Commission;

(xvii) the report of _____, as verification agent, demonstrating the mathematical accuracy of the calculations as to the sufficiency of the securities and uninvested cash in the escrow fund established to meet the defeasance requirements of the 2008A Bonds;

(xviii) defeasance opinion of Bond Counsel with respect to the 2008A Bonds, dated the Closing Date and addressed to the Successor Agency, the Trustee, the Escrow Bank and the Purchaser, in form and substance satisfactory to the Purchaser;

(xix) A certificate of Steven Gortler (the "Municipal Advisor"), dated the date of the Closing, confirming satisfaction of the savings requirements set forth in section 34177.5(a) of the Dissolution Act and that the Savings Parameters have been achieved, as required by Oversight Board Resolution; and

(xx) such additional legal opinions, certificates, instruments and other documents as the Purchaser may reasonably deem necessary to evidence the truth and

accuracy as of the time of the Closing Date of the representations and warranties of the Successor Agency contained in this Bond Purchase Agreement and the due performance or satisfaction by the Successor Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Successor Agency pursuant to this Bond Purchase Agreement and the Terms and Conditions.

7. *Termination.* The Purchaser shall have the right to cancel its obligations to purchase the Bonds if between the date hereof and the Closing Date:

(a) a decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation shall be favorably reported by such a committee or be introduced, by amendment or otherwise, in or be passed by the House of Representatives or the Senate, or recommended to the Congress of the United States for passage by the President of the United States, or be enacted or a decision by a federal court of the United States or the United States Tax Court shall have been rendered, or a ruling, release, order, regulation or offering circular by or on behalf of the United States Treasury Department, the Internal Revenue Service or other governmental agency shall have been made or proposed to be made having the purpose or effect, or any other action or event shall have occurred which has the purpose or effect, directly or indirectly, of adversely affecting the federal income tax consequences of owning the Bonds, including causing interest on the Bonds to be included in gross income for purposes of federal income taxation, or imposing federal income taxation upon revenues other income of the general character to be derived by the Successor Agency or by any similar body under the Indenture or similar documents or upon interest received on obligations of the general character of the Bonds which, in the reasonable opinion of the Purchaser, materially adversely affects the market price of or market for the Bonds; or

(b) legislation shall have been enacted, or considered for enactment with an effective date prior to the Closing Date, or a decision by a court of the United States shall have been rendered, the effect of which is that of the Bonds, including any underlying obligations, or the Indenture, as the case may be, is not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(c) a stop order, ruling, regulation or offering circular by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, including any underlying obligations, or the execution of the Indenture, as contemplated hereby, is or would be in violation of any provisions of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(e) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Purchaser, would materially adversely affect the market for or market price of the Bonds; or

(d) there shall be in force a general suspension of trading on the New York Stock Exchange, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Purchaser, would materially adversely affect the market for or market price of the Bonds; or

(e) a general banking moratorium shall have been declared by federal, New York or California authorities; or

(f) any proceeding shall be pending or threatened by the Securities and Exchange Commission against the Successor Agency; or

(g) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(h) the New York Stock Exchange or other national securities exchange, or any governmental or regulatory authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of the Purchaser; or

(i) any change, which in the reasonable opinion of the Purchaser, materially adversely affects the marketability of the Bonds or, the financial condition of the Successor Agency.

8. *Contingency of Obligations.* The obligations of the Successor Agency hereunder are subject to the performance by the Purchaser of its obligations hereunder.

9. *Duration of Representations, Warranties, Agreements and Covenants.* All representations, warranties, agreements and covenants of the Successor Agency shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Purchaser or the Successor Agency and shall survive the Closing Date.

10. *Expenses.* The Successor Agency will pay or cause to be paid all reasonable expenses incident to the performance of its obligations under this Bond Purchase Agreement, including, but not limited to, mailing or delivery of the Bonds, costs of printing the Bonds, the fees and disbursements of the Trustee, the Placement Agent, the Municipal Advisor, Bond Counsel, counsel to the Successor Agency and counsel to the Purchaser, the fees and expenses of the Successor Agency's accountants and fiscal consultants and the reporting fee to the California Debt and Investment Advisory Commission. In the event this Bond Purchase Agreement shall terminate because of the default of the Purchaser, the Successor Agency will, nevertheless, pay, or cause to be paid, all of the expenses specified above. The Purchaser shall pay all expenses incurred by it in connection with its purchase of the Bonds other than the fees and expenses of its counsel.

11. *Notices.* Any notice or other communication to be given to the Successor Agency under this Bond Purchase Agreement may be given by delivering the same in writing to the City Administrator of the City of Sand City on behalf of the Successor Agency, One Sylvan Park, Sand City, CA 93955, and any notice or other communication to be given to the Purchaser under this Bond Purchase Agreement may be given by delivering the same in writing to BBVA Compass, 1490 Stone Point Drive, Suite 250, Sacramento, CA 95661, Attention: Mr. Ted Singh, Senior Vice President.

12. *Parties in Interest.* This Bond Purchase Agreement is made solely for the benefit of the Successor Agency and the Purchaser (including the successors or assigns of the Purchaser) and no other person, including any purchaser of the Bonds, shall acquire or have any right hereunder or by virtue hereof.

13. *Governing Law.* This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in California.

14. *Headings.* The headings of the paragraphs of this Bond Purchase Agreement are inserted for convenience of reference only and shall not be deemed to be a part hereof.

15. *Severability.* In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

16. *Effectiveness.* This Bond Purchase Agreement shall become effective upon acceptance hereof by the Successor Agency.

17. *Counterparts.* This Bond Purchase Agreement may be executed in several counterparts which together shall constitute one and the same instrument.

Very truly yours,

COMPASS MORTGAGE CORPORATION,
an Alabama corporation, as Purchaser

By _____
Name _____
Title _____

Accepted and agreed to as of
the date first above written:

SUCCESSOR AGENCY OF THE FORMER
SAND CITY REDEVELOPMENT
AGENCY

By _____
Name _____
Title _____

Acknowledged:

HILLTOP SECURITIES, INC., as
Placement Agent

By _____
Name _____
Title _____

[Successor Agency of the Former Redevelopment Agency of the City of Sand City
Subordinate Tax Allocation Refunding Bonds, Series 2017]

**EXHIBIT A TO THE
BOND PURCHASE AGREEMENT**

\$ _____
**SUCCESSOR AGENCY OF THE
 FORMER REDEVELOPMENT AGENCY
 OF THE CITY OF SAND CITY**
Tax Allocation Refunding Bond, Series 2017

MATURITY SCHEDULE

Maturity Date (November 1)	Principal Amount	Interest Rate
2027	\$ _____	_____ %

REDEMPTION PROVISIONS

No Optional Redemption. The Bonds are not subject to optional redemption prior to maturity.

Sinking Fund Redemption. The Bonds are subject to mandatory sinking fund redemption in part by lot on November 1, 2017, and on each November 1 thereafter, to and including November 1, 2027, from Mandatory Sinking Account Payments made by the Successor Agency at a redemption price equal to the principal amount thereof, without premium, in the aggregate respective amounts and on the respective dates as set forth in the following table.

Redemption Date (September 1)	Principal Amount
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027†	

† Maturity.

**EXHIBIT B TO THE
BOND PURCHASE AGREEMENT
TERMS AND CONDITIONS
ATTACHED**

ESCROW AGREEMENT

by and between the

**SUCCESSOR AGENCY OF THE FORMER
SAND CITY REDEVELOPMENT AGENCY**

and

U.S. BANK NATIONAL ASSOCIATION, as Escrow Bank

Dated [July] __, 2017

Relating to the advance refunding of the outstanding
Sand City Redevelopment Agency
(Sand City Redevelopment Project)
Tax Allocation Bonds, 2008 Series A

ESCROW AGREEMENT

This ESCROW AGREEMENT is made and entered into this ____ day of [July], 2017, by and between the SUCCESSOR AGENCY OF THE FORMER SAND CITY REDEVELOPMENT AGENCY, a public entity, organized and existing under the laws of the State of California (the "Successor Agency"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, with a corporate trust office in San Francisco, California, and being qualified to accept and administer the funds and accounts hereby created, as successor trustee with respect to the hereinafter described 2008A Bonds and as escrow agent hereunder (the "Escrow Bank");

WITNESSETH:

WHEREAS, the Sand City Redevelopment Agency (the "Former Agency") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Law"), including the power to issue bonds for any of its corporate purposes;

WHEREAS, the Former Agency has previously issued its Sand City Redevelopment Agency (Sand City Redevelopment Project) Tax Allocation Bonds, 2008 Series A, of which \$5,265,000 remains outstanding (the "2008A Bonds");

WHEREAS, the 2008A Bonds were issued pursuant to an indenture of trust, dated as of January 1, 2008 (the "2008 Indenture"), by and between the Former Agency and U.S. Bank National Association, as trustee (the "2008 Trustee");

WHEREAS, the 2008 Indenture provides that if the Successor Agency shall pay and provide for the entire indebtedness on all or any portion of the 2008A Bonds by irrevocably depositing cash or non-callable Defeasance Obligations (as defined in the 2008 Indenture) with the 2008 Trustee in such amount as will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the 2008 Indenture, be fully sufficient to pay and discharge the indebtedness on all or such portion of the 2008A Bonds (including all principal, interest and redemption premiums) at or before maturity, and if the 2008A Bonds are to be redeemed prior to the maturity thereof, and notice of such redemption is given pursuant to the 2008 Indenture or provision satisfactory to the 2008 Trustee shall have been made for the giving of such notice, then, at the election of the Successor Agency, and notwithstanding that any 2008A Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues (as defined in the 2008 Indenture) and other funds provided for in the 2008 Indenture and all other obligations of the 2008 Trustee and the Successor Agency under the 2008 Indenture with respect to all or such portion of the 2008A Bonds shall cease and terminate, except only the obligations of the 2008 Trustee to transfer and exchange the 2008A Bonds thereunder and except the obligations of the Successor Agency to pay or cause to be paid to the owners of the 2008A Bonds not so surrendered and paid all sums due thereon and all expenses and costs of the 2008 Trustee; and thereafter Tax Revenues shall not be payable to the 2008 Trustee;

WHEREAS, the Successor Agency has determined that, due to prevailing financial market conditions, it is in the best interests of the Successor Agency at this time to provide for the payment of principal of and interest on the 2008A Bonds to and including November 1,

2018, and to redeem the 2008A Bonds in full on November 1, 2018 (the "Redemption Date") at a redemption price equal to 100% of the principal amount thereof (the "Redemption Price");

WHEREAS, to raise a portion of the funds necessary to effectuate the refunding of the 2008A Bonds and for other purposes, the Successor Agency has issued its \$_____ Successor Agency of the Former Sand City Redevelopment Agency Subordinate Tax Allocation Refunding Bonds, Series 2017 (the "2017 Bonds"), pursuant to an Indenture of Trust, dated as of [July] 1, 2017 (the "2017 Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee (the "2017 Trustee");

WHEREAS, the Successor Agency wishes to make a deposit with the Escrow Bank and to enter into this Escrow Agreement for the purpose of providing the terms and conditions for the deposit and application of amounts so deposited; and

WHEREAS, the Escrow Bank has full powers to act with respect to the irrevocable escrow and escrow created herein and to perform the duties and obligations to be undertaken pursuant to this Escrow Agreement;

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

Section 1. Appointment of Escrow Bank. The Successor Agency hereby appoints the Escrow Bank as escrow agent for all purposes of this Escrow Agreement and in accordance with the terms and provisions of this Escrow Agreement, and the Escrow Bank hereby accepts such appointment.

Section 2. Establishment of Escrow Fund. There is hereby created by the Successor Agency with, and to be held by, the Escrow Bank, as security for the defeasance and redemption of the 2008A Bonds, as hereinafter set forth, an irrevocable escrow to be maintained by the Escrow Bank on behalf of the Successor Agency and for the benefit of the owners of the 2008A Bonds, said escrow to be designated the "Escrow Fund." All moneys deposited in the Escrow Fund shall constitute a special fund for the defeasance and redemption of the 2008A Bonds in accordance with the provisions of the 2008 Indenture. If at any time the Escrow Bank shall receive actual knowledge that the moneys in the Escrow Fund will not be sufficient to make any payment required by Section 4 hereof, the Escrow Bank shall notify the Successor Agency of such fact and the Successor Agency shall immediately cure such deficiency.

Section 3. Deposit into Escrow Fund.

(a) Concurrently with delivery of the 2017 Bonds, the Successor Agency shall cause to be transferred to the Escrow Bank for deposit into the Escrow Fund the amount of \$_____, derived as follows:

(i) from the proceeds of the 2017 Bonds, the sum of \$_____;

(ii) from amounts on deposit in the reserve account created for the 2008 Bonds (the "2008 Reserve Account"), the sum of \$_____; and

(iii) from the proceeds of the sale of certain property originally purchased with the proceeds of the 2008A, the sum of \$_____.

(b) The Escrow Bank shall invest \$_____ of the moneys deposited into the Escrow Fund pursuant to the preceding paragraph in the securities set forth in Exhibit A attached hereto and by this reference incorporated herein (the "Escrowed Federal Securities") and shall hold the remaining \$_____ in cash, uninvested. The Escrowed Federal Securities and such cash shall be deposited with and held by the Escrow Bank in the Escrow Fund solely for the uses and purposes set forth herein.

(c) The Escrow Bank may rely upon the conclusion of _____, as contained in its opinion and accompanying schedules (the "Report") dated [July] __, that the Escrowed Federal Securities mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to redeem the outstanding 2008A Bonds in full on the Redemption Date at the Redemption Price.

(d) The Escrow Bank shall not be liable or responsible for any loss resulting from its full compliance with the provisions of this Escrow Agreement.

(e) Any money left on deposit in the Escrow Fund after payment in full of the 2008A Bonds, and the payment of all amounts due to the Escrow Bank hereunder, shall be paid to the Successor Agency.

Section 4. Instructions as to Application of Deposit; Defeasance Notice; Redemption Notice.

(a) The moneys deposited in the Escrow Fund pursuant to Section 3 shall be applied by the Escrow Bank for the sole purpose of paying the principal of and interest on the 2008A Bonds to and including November 1, 2018, and to redeem the 2008A Bonds in full on the Redemption Date at the Redemption Price, all as set forth in Exhibit B attached hereto and by this reference incorporated herein.

(b) The Escrow Bank, in its capacity as 2008 Trustee, is hereby requested, and the Escrow Bank, in its capacity as 2008 Trustee, hereby agrees to give notice of the defeasance of the 2008A Bonds in the form of defeasance notice attached hereto as Exhibit C.

(c) The Escrow Bank, in its capacity as 2008 Trustee, is hereby requested, and the Escrow Bank, as 2008 Trustee, hereby agrees to give timely notice of the redemption of the 2008A Bonds on the Redemption Date in accordance with the applicable provisions of the 2008 Indenture and the form of redemption notice attached hereto as Exhibit D.

Section 5. Investment of Any Remaining Moneys. The Escrow Bank shall invest and reinvest the proceeds received from any of the Escrowed Federal Securities, and the cash originally deposited into the Escrow Fund, for a period ending not later than the next succeeding interest payment date relating to the 2008A Bonds, in Federal Securities pursuant to written directions of the Successor Agency; *provided, however*, that (a) such written directions of the Successor Agency shall be accompanied by (i) a certification of an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions that the Federal Securities then to be so deposited in the Escrow Fund, together with the cash then on deposit in the Escrow Fund, together with the interest to be derived therefrom, shall be in an amount at all times at least sufficient to make the payments specified in Section 3 hereof, and (ii) an opinion of nationally recognized bond counsel ("Bond Counsel") that investment in accordance with such directions will not affect, for Federal income tax purposes, the exclusion from gross income of interest due with respect to the 2008A Bonds, and (b) if the Successor Agency directs such investment or reinvestment to be made in United States Treasury Securities-State and Local Government Series, the Successor Agency shall, at its cost, cause to be prepared all

necessary subscription forms therefor in sufficient time to enable the Escrow Bank to acquire such securities. In the event that the Successor Agency shall fail to file any such written directions with the Escrow Bank concerning the reinvestment of any such proceeds, such proceeds shall be held uninvested by the Escrow Bank. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 5 and not required for the purposes set forth in Section 3, as indicated by such verification, shall, promptly upon the receipt of such interest income by the Escrow Bank, be paid to the Successor Agency.

Section 6. Substitution or Withdrawal of Federal Securities. The Successor Agency may, at any time, direct the Escrow Bank in writing to substitute Federal Securities for any or all of the Escrowed Federal Securities then deposited in the Escrow Fund, or to withdraw and transfer to the Successor Agency any portion of the Federal Securities then deposited in the Escrow Fund, provided that any such direction and substitution or withdrawal shall be simultaneous and shall be accompanied by (a) a certification of an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions that the Federal Securities then to be so deposited in the Escrow Fund together with interest to be derived therefrom, or in the case of withdrawal, the Federal Securities to be remaining in the Escrow Fund following such withdrawal together with the interest to be derived therefrom, together with the cash then on deposit in the Escrow Fund, shall be in an amount at all times at least sufficient to make the payments specified in Section 3 hereof; and (b) an opinion of Bond Counsel that the substitution or withdrawal will not affect, for Federal income tax purposes, the exclusion from gross income of interest on the 2008A Bonds. In the event that, following any such substitution of Federal Securities pursuant to this Section 6, there is an amount of moneys or Federal Securities in excess of an amount sufficient to make the payments required by Section 3 hereof, as indicated by such verification, such excess shall be paid to the Successor Agency.

Section 7. Application of 2008 Funds. On the date of deposit of amounts in the Escrow Fund pursuant to Section 3, the Escrow Bank, as 2008 Trustee, is hereby directed to withdraw a portion of the amounts on deposit in the 2008 Reserve Account \$_____) and transfer such sum to the Escrow Fund.

Any amounts remaining on deposit in any fund or account established under the 2008 Indenture relating to the 2008A Bonds, including any investment earnings received after the date of original delivery of the 2016 Bonds, shall be transferred by the Escrow Bank to the Successor Agency for deposit in the Redevelopment Obligation Retirement Fund established under the 2016 Indenture.

Section 8. Application of Certain Terms of 2008 Indenture. All of the terms of the 2008 Indenture relating to the making of payments of principal and interest with respect to the 2008A Bonds are incorporated in this Escrow Agreement as if set forth in full herein. The provisions of the 2008 Indenture relating to the limitations from liability and protections afforded the 2008 Trustee and the resignation and removal of the 2008 Trustee are also incorporated in this Escrow Agreement as if set forth in full herein and shall be the procedure to be followed with respect to any resignation or removal of the Escrow Bank hereunder.

Section 9. Compensation to Escrow Bank. The Successor Agency shall pay the Escrow Bank full compensation for its duties under this Escrow Agreement, including out-of-pocket costs such as publication costs, prepayment or redemption expenses, legal fees and other costs and expenses relating hereto. Under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

Section 10. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in

the performance of its duties under this Escrow Agreement unless the Successor Agency shall have deposited sufficient funds with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the Successor Agency or its agents relating to any matter or action as Escrow Bank under this Escrow Agreement.

The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of the uninvested moneys held hereunder to accomplish the purposes set forth in Section 3 hereof, or any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statement of the Successor Agency, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representations as to the sufficiency of the uninvested moneys to accomplish the purposes set forth in Section 3 hereof or to the validity of this Escrow Agreement as to the Successor Agency and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Escrow Agreement. The Escrow Bank may consult with counsel, who may or may not be counsel to the Successor Agency, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the Successor Agency.

Anything in this Escrow Agreement to the contrary notwithstanding, in no event shall the Escrow Bank be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Bank has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Escrow Bank agrees to accept and act upon instructions or directions pursuant to this Escrow Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Bank shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Successor Agency elects to give the Escrow Bank e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Bank in its discretion elects to act upon such instructions, the Escrow Bank's understanding of such instructions shall be deemed controlling. The Escrow Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Bank's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Successor Agency agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Bank, including without limitation the risk of the Escrow Bank acting on unauthorized instructions, and the risk of interception and misuse by third parties.

The Successor Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by law, to indemnify, protect, save and hold harmless the Escrow Bank and its respective successors, assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in good faith in the conduct of its duties; provided, however, that the Successor Agency shall not be required to indemnify the Escrow Bank against its own negligence or misconduct. The indemnities contained in this Section 10 shall survive the termination of this Escrow Agreement or the resignation or removal of the Escrow Bank.

The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to revive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Bank will furnish the Successor Agency periodic cash transaction statements which include detail for all investment transactions made by the Escrow Bank hereunder.

No provision of this Escrow Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Bank may execute any of the obligations or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

The Escrow Agent shall furnish the Successor Agency periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Agent. Upon the Successor Agency's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Successor Agency further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

Section 11. Amendment. This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the 2008A Bonds shall have been filed with the Escrow Bank. This Escrow Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the Successor Agency and the Successor Agency, (2) to cure, correct or supplement any ambiguous or defective provision contained herein, (3) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not materially adversely affect the interests of the owners of the 2008A Bonds or the 2016 Bonds, and that such amendment will not cause interest on the 2008A Bonds or the 2016 Bonds to become subject to federal income taxation. In connection with any contemplated

amendment or revocation of this Escrow Agreement, prior written notice thereof and draft copies of the applicable legal documents shall be provided by the Successor Agency to each rating agency then rating the 2008A Bonds.

Section 12. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence clause or provision shall not affect any of the remaining provisions of this Escrow Agreement. Notice of any such invalidity or unenforceability shall be provided to each rating agency then rating the 2008A Bonds.

Section 13. Notice of Escrow Bank, Agency and Successor Agency. Any notice to or demand upon the Escrow Bank may be served and presented, and such demand may be made, at the Principal Corporate Trust Office of the Escrow Bank as specified by the Escrow Bank as 2008 Trustee in accordance with the provisions of the 2008 Indenture. Any notice to or demand upon the Successor Agency shall be deemed to have been sufficiently given or served for all purposes by being mailed by first class mail, and deposited, postage prepaid, in a post office letter box, addressed to such party as provided in the 2008 Indenture (or such other address as may have been filed in writing by the Successor Agency with the Escrow Bank).

Section 14. Merger or Consolidation of Escrow Bank. Any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible to act as trustee under the 2008 Indenture, shall be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act.

Section 15. Execution in Several Counterparts. This Escrow Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same instrument.

Section 16. Governing Law. This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF KING has caused this Escrow Agreement to be signed in its name by its Executive Director and U.S. BANK NATIONAL ASSOCIATION in token of its acceptance of the escrow created hereunder, has caused this Escrow Agreement to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

SUCCESSOR AGENCY OF THE FORMER SAND CITY REDEVELOPMENT AGENCY

By _____
Name _____
Title _____

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Bank and 2008 Trustee

By _____
Name _____
Title _____

EXHIBIT A

SCHEDULE OF ESCROWED FEDERAL SECURITIES

<u>Type</u>	<u>Maturity</u>	<u>Coupon</u>	<u>Principal</u>	<u>Price</u>	<u>Cost</u>	<u>Accrued</u>	<u>Total</u>
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EXHIBIT B

PAYMENT AND REDEMPTION SCHEDULE

Date	Scheduled Principal Payment	Called Principal	Interest	Redemption Premium	Total Payment
11/01/17	\$285,000	—	\$110,462.50	—	\$ 395,462.50
05/01/18	—	—	104,050.00	—	104,050.00
11/01/18	300,000	\$4,680,000	104,050.00	—	5,084,050.00

EXHIBIT C

NOTICE OF DEFEASANCE

SAND CITY REDEVELOPMENT AGENCY
(Sand City Redevelopment Project)
Tax Allocation Bonds, 2008 Series A

<u>Maturity Date</u>	<u>Amount Defeased</u>	<u>Interest Rate</u>	<u>CUSIP Number</u>
11/1/17	\$ 285,000	4.500%	799708 AT9
11/1/18	300,000	4.500	799708 AU6
11/1/19	315,000	4.000	799708 AV4
11/1/20	325,000	4.000	799708 AW2
11/1/21	340,000	4.000	799708 AX0
11/1/27	3,700,000	4.200	799708 AY8

NOTICE IS HEREBY GIVEN, on behalf of the Successor Agency of the Former Sand City Redevelopment Agency (the "Successor Agency") to the owners of the outstanding Sand City Redevelopment Agency (Sand City Redevelopment Project) Tax Allocation Bonds, 2008 Series A, as described above (the "Bonds"), that pursuant to the indenture authorizing the issuance of the Bonds (the "Indenture"), the lien of the Indenture with respect to the Bonds has been discharged through the irrevocable deposit of cash and U.S. Treasury securities in an escrow fund (the "Escrow Fund"). The Escrow Fund has been established and is being maintained pursuant to that certain Escrow Agreement, dated [July] __, 2017, by and between the Successor Agency and U.S. Bank National Association, as escrow agent. As a result of such deposit, the Bonds are deemed to have been paid and defeased in accordance with the Indenture. The pledge of the funds provided for under the Indenture and all other obligations of the Successor Agency to the owners of the defeased Bonds shall hereafter be limited to the application of moneys in the Escrow Fund for the payment of the principal and interest with respect to the Bonds as the same become due and payable as described below.

As evidenced by the verification report delivered to the Escrow Bank, amounts deposited in the Escrow Fund are calculated to provide sufficient moneys to pay the principal of and interest on the Bonds to and including November 1, 2018, and to redeem the outstanding Bonds in full on November 1, 2018 (the "Redemption Date"), at a redemption price equal to 100% of the principal amount thereof. From and after the Redemption Date, interest with respect to the Bonds shall cease to accrue and be payable.

Dated: _____, 2017

U.S. BANK NATIONAL
ASSOCIATION, as Escrow Agent

EXHIBIT D

NOTICE OF FULL/FINAL REDEMPTION OF

SAND CITY REDEVELOPMENT AGENCY
(Sand City Redevelopment Project)
Tax Allocation Bonds, 2008 Series A

Original Issue Date	Maturity Date	Amount Redeemed	Interest Rate	Redemption Premium	Redemption Price (1)	CUSIP Number
1/30/08	11/1/19	\$ 315,000	4.000%	—	\$ 315,000	799708 AV4
1/30/08	11/1/20	325,000	4.000	—	325,000	799708 AW2
1/30/08	11/1/21	340,000	4.000	—	340,000	799708 AX0
1/30/08	11/1/27	3,700,000	4.200	—	3,700,000	799708 AY8

(1) Accrued interest to be added.

NOTICE is hereby given that the Successor Agency of the Former Sand City Redevelopment Agency (the "Successor Agency") has called for redemption on September 1, 2016 (the "Redemption Date"), the outstanding Sand City Redevelopment Agency (Sand City Redevelopment Project) Tax Allocation Bonds, 2008 Series A, as described above (the "Bonds"), at a price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Redemption Price").

On the Redemption Date, the Redemption Price will become due and payable upon each Bond and interest with respect thereto shall cease to accrue from and after the Redemption Date.

Payment of principal will be made upon presentation on and after the Redemption Date, at the following addresses:

U.S. Bank National Association
Global Corporate Trust Services
111 Fillmore Avenue E.
St Paul, MN 55107

Owners of Bonds presenting their certificates in person for the same day payment must surrender their certificate by 1:00 p.m. on the prepayment date and a check will be available for pickup after 2:00 p.m. Checks not picked up by 4:30 p.m. will be mailed to the Bondholder by first class mail.

Interest with respect to the principal amount designated to be redeemed shall cease to accrue on and after the Redemption Date.

If payment of the Redemption Price is to be made to the registered owner of the Bond you are not required to endorse the Bond to collect the Redemption Price.

Under the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act") 28% will be withheld if tax identification number is not properly certified. The Form W-9 may be obtained from the Internal Revenue Service.

Neither the Successor Agency nor U.S. Bank National Association, as paying agent shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness as shown in the Redemption Notice. It is included solely for convenience of the Holders.

Dated: _____, 2018

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

SUCCESSOR AGENCY OF THE FORMER
SAND CITY REDEVELOPMENT AGENCY

RESOLUTION SA 17-07, 2017

RESOLUTION OF THE SUCCESSOR AGENCY OF THE FORMER SAND CITY
REDEVELOPMENT AGENCY APPROVING THE ISSUANCE OF REFUNDING
BONDS IN ORDER TO REFUND THE OUTSTANDING SAND CITY
REDEVELOPMENT AGENCY (SAND CITY REDEVELOPMENT PROJECT) TAX
ALLOCATION BONDS, 2008 SERIES A, APPROVING THE FORMS AND
AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF
TRUST, AN ESCROW AGREEMENT AND A BOND PURCHASE AGREEMENT
RELATING THERETO, REQUESTING OVERSIGHT BOARD APPROVAL OF THE
ISSUANCE OF THE REFUNDING BONDS, REQUESTING CERTAIN
DETERMINATIONS BY THE OVERSIGHT BOARD AND PROVIDING FOR
OTHER MATTERS RELATING THERETO

WHEREAS, pursuant to section 34172(a) of the California Health and Safety Code (unless otherwise noted, all section references hereinafter being to such Code), the Sand City Redevelopment Agency (the "Former Agency"), has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to section 34173, and the Successor Agency of the Former Sand City Redevelopment Agency (the "Successor Agency") has become the successor entity to the Former Agency;

WHEREAS, a redevelopment plan for the Former Agency's Sand City Redevelopment Project in the City of Sand City (the "City") has been adopted in compliance with all requirements of the Code (the "Redevelopment Project");

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency incurred certain obligations to finance redevelopment activities within and for the benefit of the Redevelopment Project, of which the following remain outstanding:

(a) \$7,015,000 original principal amount of Sand City Redevelopment Agency (Sand City Redevelopment Project) Tax Allocation Bonds, 2008 Series A (the "2008A Bonds"), and

(b) \$2,135,000 original principal amount of Sand City Redevelopment Agency (Sand City Redevelopment Project) Taxable Tax Allocation Bonds, 2008 Series B (the "2008B Bonds");

WHEREAS, section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters set forth in section 34177.5(a)(1) (the "Savings Parameters");

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of its tax allocation refunding bonds (the "Refunding Bonds"), the Successor Agency has caused its municipal advisor, Steven Gortler (the "Municipal Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to repay or refund all or a portion of the 2008A Bonds (the 2008B Bonds being non-callable) (the "Debt Service Savings Analysis");

WHEREAS, the Debt Service Savings Analysis has demonstrated that a refunding of the 2008A Bonds will satisfy the Savings Parameters;

WHEREAS, the Successor Agency desires at this time to authorize the issuance of its Successor Agency of the Former Sand City Redevelopment Agency Subordinate Tax Allocation Refunding Bonds, Series 2017, to refund the 2008A Bonds (the "2017 Refunding Bonds"), pursuant to an indenture of trust (the "Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee;

WHEREAS, pursuant to section 34179, an oversight board (the "Oversight Board") has been established for the Successor Agency;

WHEREAS, the Successor Agency is now requesting that the Oversight Board approve the issuance of the 2017 Refunding Bonds pursuant to this Resolution and the Indenture;

WHEREAS, the Successor Agency further requests that the Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the 2017 Refunding Bonds; and

WHEREAS, the Successor Agency has determined to sell the 2017 Refunding Bonds to Compass Mortgage Corporation, an Alabama corporation (the "Purchaser");

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY OF THE FORMER SAND CITY REDEVELOPMENT AGENCY DOES RESOLVE AS FOLLOWS:

SECTION 1. Determination of Savings. The Successor Agency has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the 2017 Refunding Bonds to provide funds to refund and defease the 2008A Bonds, all as evidenced by the Debt Service Savings Analysis on file with the Successor Agency Secretary, which Debt Service Savings Analysis is hereby approved.

SECTION 2. Approval of Issuance of the 2017 Refunding Bonds. The Successor Agency hereby authorizes and approves the issuance of the Bonds under the Law and the Refunding Law in the aggregate principal amount of not to exceed \$5,500,000, provided that the Bonds are in compliance with the Savings Parameters at the time of sale and delivery.

SECTION 3. Approval of Indenture. The Successor Agency hereby approves the

Indenture prescribing the terms and provisions of the 2017 Refunding Bonds and the application of the proceeds of the 2017 Refunding Bonds in the form on file with the Successor Agency Secretary. The Chair of the Successor Agency, the Executive Director and the Successor Agency Treasurer (each, an "Authorized Officer"), each acting alone, are hereby authorized and directed to execute and deliver, and the Successor Agency Secretary, is hereby authorized and directed to attest to, the Indenture for and in the name and on behalf of the Successor Agency in such form, together with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Indenture. The Successor Agency hereby authorizes the delivery and performance of the Indenture.

SECTION 4. Approval of Escrow Agreement. The escrow agreement, by and between the Successor Agency and U.S. Bank National Association, as escrow bank, relating to the defeasance and prepayment of the 2008A Bonds (the "Escrow Agreement"), in the form on file with the Successor Agency Secretary, is hereby approved and the Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Escrow Agreement in such form together with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Escrow Agreement. The Successor Agency hereby authorizes the delivery and performance of the Escrow Agreement.

SECTION 5. Approval of Bond Purchase Agreement. The form of bond purchase agreement, by and between the Successor Agency and the Purchaser (the "Bond Purchase Agreement"), in the form on file with the Successor Agency Secretary, is hereby approved and the Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Bond Purchase Agreement in such form together with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement. The Successor Agency hereby authorizes the delivery and performance of the Bond Purchase Agreement.

SECTION 6. Oversight Board Approval of the Issuance of the 2017 Refunding Bonds. The Successor Agency hereby requests the Oversight Board, as authorized by section 34177.5(f), to direct the Successor Agency to undertake the refunding proceedings and, as authorized by section 34177.5(f) and section 34180, to approve the issuance of the Bonds pursuant to section 34177.5(a)(1) this Resolution and the Indenture.

SECTION 7. Determinations by the Oversight Board. The Successor Agency requests that the Oversight Board make the following determinations upon which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Bonds:

- (a) The Successor Agency is authorized, as provided in section 34177.5(f), to recover its costs related to the issuance of the 2017 Refunding Bonds from the proceeds of the Bonds, including the cost of reimbursing its administrative staff for time spent with respect to the authorization, issuance, sale and delivery of the Bonds;

(b) The application of the proceeds of the 2017 Refunding Bonds by the Successor Agency to the refunding and defeasance of the Former Agency Obligations, as well as the payment by the Successor Agency of costs of issuance of the Bonds, as provided in section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of the Bonds, notwithstanding section 34177.3 or any other provision of law to the contrary, without the further approval of the Oversight Board, the California Department of Finance, the Monterey County Auditor-Controller or any other person or entity other than the Successor Agency; and

(c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under section 34181(a)(3) without any deductions with respect to continuing costs related to the 2017 Refunding Bonds, such as trustee's fees and auditing and fiscal consultant fees (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to section 34183. In addition and as provided by section 34177.5(f), if the Successor Agency is unable to complete the issuance of the Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings for the Former Agency Obligations from such property tax revenues pursuant to section 34183 without reduction in its Administrative Cost Allowance.

SECTION 8. Filing of Debt Service Savings Analysis and Resolution. The Successor Agency Secretary is hereby authorized and directed to cause the Municipal Advisor to file the Debt Service Savings Analysis, together with a certified copy of this Resolution, with the Oversight Board, and, as provided in section 34180(j) with the Monterey County Administrative Officer, the Monterey County Auditor-Controller and the California Department of Finance.

SECTION 9. Designation of Consultants. Steven Gortler is hereby appointed municipal advisor to the Successor Agency in connection with the issuance of the 2017 Refunding Bonds. Quint & Thimmig LLP is hereby appointed bond counsel to the Successor Agency in connection with the issuance of the 2017 Refunding Bonds. Hilltop Securities, Inc. is hereby appointed placement agent to the Successor Agency in connection with the issuance of the 2017 Refunding Bonds. Pursuant to this Resolution, any Authorized Officer is hereby authorized to execute service agreements with the aforementioned three firms, in such form as such Authorized Officer shall deem necessary.

SECTION 10. Official Actions. The Authorized Officers and any and all other officers of the Successor Agency are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable in obtaining the requested approvals by the Oversight Board and the California Department of Finance and in the issuance, sale and delivery of the 2017 Refunding Bonds. Whenever in this Resolution any officer of the Successor Agency is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

SECTION 11. Effective Date. This Resolution shall take effect from and after the date of


its passage and adoption.

SECTION 12. Certification. The Secretary shall certify to the passage and adoption hereof.

PASSED AND ADOPTED by the Sand City Successor Agency of the Former Sand City Redevelopment Agency, do hereby certify that the above and foregoing is a true and correct copy of Resolution SA 17-07, 2017 introduced and adopted at a regular meeting of the Successor Agency of the Former Sand City Redevelopment Agency held on the 16th day of May, 2017, which was approved by the following vote:


AYES: Agency Members Blackwelder, Carbone, Hubler, Kruper
NOES: None
ABSTAIN: None
ABSENT: None

APPROVED:



Mary Ann Carbone, Chair of the
Successor Agency

ATTEST:



Linda K. Scholink, Clerk of the
Successor Agency

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
OF THE FORMER SAND CITY REDEVELOPMENT AGENCY**

RESOLUTION NO. _____

**RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
OF THE FORMER SAND CITY REDEVELOPMENT AGENCY APPROVING
THE ISSUANCE OF REFUNDING BONDS (2008A) OF THE SUCCESSOR
AGENCY OF THE FORMER SAND CITY REDEVELOPMENT AGENCY ,
MAKING CERTAIN DETERMINATIONS WITH RESPECT TO THE
REFUNDING BONDS AND PROVIDING OTHER MATTERS RELATING
THERETO**

WHEREAS, the Sand City Redevelopment Agency (the "Former Agency") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Law");

WHEREAS, pursuant to section 34172(a) of the California Health and Safety Code (unless otherwise noted, all section references hereinafter being to such Code), the Former Agency has been dissolved and no longer exists, and pursuant to section 34173, the Successor Agency of the Former Sand City Redevelopment Agency (the "Successor Agency") has become the successor entity to the Former Agency;

WHEREAS, pursuant to section 34179, this Oversight Board has been established for the Successor Agency;

WHEREAS, a redevelopment plan for the Former Agency's Sand City Redevelopment Project in the City of Sand City (the "City") has been adopted in compliance with all requirements of the Code (the "Redevelopment Project");

WHEREAS, the Oversight Board is informed by the Successor Agency that, prior to the dissolution of the Former Agency, the Former Agency incurred certain obligations to finance redevelopment activities within and for the benefit of the Redevelopment Project, of which the following remain outstanding:

(a) \$7,015,000 original principal amount of Sand City Redevelopment Agency (Sand City Redevelopment Project) Tax Allocation Bonds, 2008 Series A (the "2008A Bonds"), and

(b) \$2,135,000 original principal amount of Sand City Redevelopment Agency (Sand City Redevelopment Project) Taxable Tax Allocation Bonds, 2008 Series B (the "2008B Bonds");

WHEREAS, section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters set forth in section 34177.5(a)(1) (the "Savings Parameters");

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of its tax allocation refunding bonds (the "Refunding Bonds"), the Successor Agency has caused its municipal advisor, Steven Gortler (the "Municipal Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to repay or defease and refund all or a portion of the 2008A Bonds (the 2008B Bonds being non-callable) (the "Debt Service Savings Analysis");

WHEREAS, the Debt Service Savings Analysis has demonstrated that a refunding of the 2008A Bonds will satisfy the Savings Parameters;

WHEREAS, the Successor Agency, by its resolution adopted on May 16, 2017 (the "Successor Agency Resolution"), approved the issuance of its Successor Agency of the Former Sand City Redevelopment Agency Subordinate Tax Allocation Refunding Bonds, Series 2017, to refund the 2008A Bonds (the "2017 Refunding Bonds"), pursuant to section 34177.5(a)(1);

WHEREAS, in the Successor Agency Resolution, the Successor Agency also authorized the execution and delivery of an indenture of trust, by and between U.S. Bank National Association, as trustee (the "Indenture"), an escrow agreement, by and between the Successor Agency and U.S. Bank National Association, as escrow bank, relating to the defeasance and redemption of the 2008A Bonds, and a bond purchase agreement;

WHEREAS, in the Successor Agency Resolution, the Successor Agency also requested that this Oversight Board direct the Successor Agency to undertake the refunding proceedings and approve the issuance of the Bonds pursuant to the Successor Agency Resolution and the Indenture and that this Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Bonds;

WHEREAS, this Oversight Board has completed its review of the refunding proceedings and the Debt Service Savings Analysis and wishes at this time to give its approval to the foregoing.

NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE FORMER SAND CITY REDEVELOPMENT AGENCY DOES RESOLVE AS FOLLOWS:

SECTION 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

SECTION 2. Determination of Savings. This Oversight Board has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of

the Bonds to provide funds to refund and defease the 2008A Bonds, as evidenced by the Debt Service Savings Analysis on file with the Successor Agency Secretary, which Debt Service Savings Analysis is hereby approved.

SECTION 3. Direction and Approval of Issuance of the Bonds. As authorized by section 34177.5(f), the Oversight Board hereby approves the issuance by the Successor Agency of the Bonds pursuant to section 34177.5(a)(1) and under other applicable provisions of the Law and the Refunding Law and as provided in the Successor Agency Resolution and the Indenture in the aggregate principal amount of not to exceed \$5,500,000, provided that the principal and interest payable with respect to the Bonds complies in all respects with the requirements of the Savings Parameters with respect thereto, as shall be certified to by the Municipal Advisor upon delivery of the 2017 Refunding Bonds or any portion thereof.

SECTION 4. Sale and Delivery of the 2017 Refunding Bonds. The Oversight Board hereby approves the sale and delivery of the 2017 Refunding Bonds, provided that there is compliance with the Savings Parameters.

SECTION 5. Determinations by the Oversight Board. As requested by the Successor Agency, the Oversight Board makes the following determinations upon which the Successor Agency shall rely in undertaking the refunding proceedings and the issuance of the 2017 Refunding Bonds:

(a) The Successor Agency is authorized, as provided in section 34177.5(f), to recover its costs related to the issuance of the Bonds from the proceeds of the 2017 Refunding Bonds, including the cost of reimbursing its administrative staff for time spent with respect to the authorization, issuance, sale and delivery of the 2017 Refunding Bonds;

(b) The application of the proceeds of the 2017 Refunding Bonds by the Successor Agency to the refunding and defeasance of the Former Agency Obligations, as well as the payment by the Successor Agency of costs of issuance of the Bonds, as provided in section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of the 2017 Refunding Bonds, notwithstanding section 34177.3 or any other provision of law to the contrary, without the further approval of the Oversight Board, the California Department of Finance, the Monterey County Auditor-Controller or any other person or entity other than the Successor Agency; and

(c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under section 34181(a)(3) without any deductions with respect to continuing costs related to the Bonds, such as trustee's fees and auditing and fiscal consultant fees (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to section 34183. In addition and as provided by section 34177.5(f), if the Successor Agency is unable to complete the issuance of the 2017 Refunding Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings for the Former Agency Obligations from such property tax revenues pursuant to section 34183 without reduction in its Administrative Cost Allowance.

SECTION 6. Effective Date. Pursuant to section 34177(f) and section 34179(h), this Resolution shall be effective five (5) business days after proper notification hereof is given to the California Department of Finance unless the California Department of Finance requests a review of the actions taken in this Resolution, in which case this Resolution will be effective upon approval by the California Department of Finance.

SECTION 7. Certification. The Secretary shall confirm the passage and adoption hereof.

PASSED AND ADOPTED by the Oversight Board to the Successor Agency of the Former Sand City Redevelopment Agency, do hereby certify that the above and foregoing is a true and correct copy of Resolution No. ___ introduced and adopted at a regular meeting of the Oversight Board to the Successor Agency of the Former Sand City Redevelopment Agency held on the 12th day of June, 2017, which was approved by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

Jane Parker, Chair of the
Oversight Board

ATTEST:

Linda K. Scholink, Clerk of the
Oversight Board